PARLIAMENTARY DEBATES

(HANSARD)

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HOUSE OF COMMONS

OFFICIAL REPORT

FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-EIGHTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2008–2009

COMPRISING PERIOD
29 June 2009—9 July 2009

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THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-EIGHTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 495**

ELEVENTH VOLUME OF SESSION 2008-2009

House of Commons

Monday 29 June 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

SPEAKER MARTIN'S RETIREMENT

THE VICE-CHAMBERLAIN OF THE HOUSEHOLD reported to the House, on behalf of the Prime Minister, that the address of 22 June 2009 to Her Majesty, praying Her Majesty that she will be most graciously pleased to confer some signal mark of her royal favour upon the right hon. Michael J. Martin for his eminent services during the period in which he has, with such distinguished ability and dignity, presided in the Chair of this House, has been presented to Her Majesty, and Her Majesty has been pleased to receive the same very graciously, and has commanded me to acquaint this House that Her Majesty is desirous, in compliance with the request of her faithful Commons, to confer upon the right hon. Michael J. Martin some signal mark of her royal favour.

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Remploy

1. **Mrs. Madeleine Moon** (Bridgend) (Lab): What estimate she has made of the cost to the public purse of Remploy's operations in the latest period for which figures are available. [282345]

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): The last available figures, which are for the financial year ending March 2008, show that Remploy received £195.8 million of direct funding from the Department, comprising £145.8 million of grant in aid and an additional £50 million of modernisation payments to help with the restructuring of the company. Managing the level of funding for Remploy is one of the key aims of our modernisation plan, which was why we secured a £555 million modernisation fund over the five-year period.

Mrs. Moon: I thank my hon. Friend for that reply. In the response to my parliamentary question 270816, Members were able to see that, over the last three years, Remploy's senior managers have claimed £4.3 million in bonus payments, including £1.7 million in last year alone. That is six times the amount of money paid out in bonuses in 2000-01. Given that Remploy is losing money, that factories have closed and that job numbers are falling, does my hon. Friend not agree that it would be more appropriate for no bonuses to be paid until Remploy is making money, not losing it?

Jonathan Shaw: I am grateful to my hon. Friend. She will know that there are two parts to Remploy: the enterprise operation that runs the factory of about 3,000 employees, and the employment services, which got more than 7,000 people into jobs last year. Part of the bonus programme was that those managers whose pay is about £30,000 got a bonus of about £5,000 for getting disabled people into work. Their pay and performance terms compare favourably with those of other companies or comparable organisations. The bonus scheme is for the company, but it needs to be seen in perspective, in the context of the overall organisation.

Bob Spink (Castle Point) (Ind): People who are disabled or who have special educational needs—very good people who want work—can suffer more than others in trying to find work during the recession, so what more can the Minister do to promote sheltered employment units in privately owned companies?

Jonathan Shaw: I am grateful to the hon. Gentleman for that question. He will be aware that we are doubling the access to work fund, which has seen some 44,000 disabled people into work. Using access to work as an indicator, we are not seeing any of those who benefit from the fund losing their employment. I am sure that he would also welcome the learning disability employment strategy, which I and the Minister of State, Department of Health, my hon. Friend the Member for Corby (Phil Hope), launched last week. The hon. Gentleman is quite right that despite the world economic downturn, we will continue to concentrate on helping disabled people get into work and stay in it.

Employment (Benefit Claimants)

2. **Mr. Tom Harris** (Glasgow, South) (Lab): What recent assessment she has made of her Department's performance in moving people from economically-inactive benefits into employment. [282347]

The Secretary of State for Work and Pensions (Yvette Cooper): It is good to see you in the Chair, Mr. Speaker.

The Department is continuing to help people from incapacity benefit and income support back into the labour market and jobs. Despite the recession, and although unemployment has risen, the number of people on inactive benefits has not risen over the last year, which is in contrast to what happened during the recessions in the early '80s and early '90s.

Mr. Harris: High levels of economic inactivity inevitably mean high levels of poverty, particularly child poverty. Over the past decade in Glasgow, we have seen incremental reductions in the number of people claiming incapacity benefits, but if that incremental approach continues, we are going to see those levels of poverty inflicted on yet another generation. Does my right hon. Friend share my impatience? Is it not time that we moved from an incremental approach to a step change in moving vast numbers of people off benefits and into work?

Yvette Cooper: My hon. Friend is right that huge problems can be created for the families of those on incapacity benefit and those left out of the labour market for a long time, even though they may be able to come back into work. He will also know that after the numbers on sickness benefit rose for more than 20 years, they have, in fact, been falling since 2003. I think that some of the measures in the Welfare Reform Bill will help prepare people for work in the future as well as helping those who can get back into work do so in the short term.

John Mason (Glasgow, East) (SNP): Does the Secretary of State agree that the best incentive to get people into work would be a serious increase in the minimum wage?

Yvette Cooper: The minimum wage has played an important part in making work pay for a huge number of people who were previously stuck on poverty pay. We take the advice of the Low Pay Commission in setting the minimum wage so that we can support the economy more broadly, but there is no doubt that, along with tax credits and other measures, it has helped to ensure that people are better off in work.

Mr. Frank Field (Birkenhead) (Lab): Given that the number of workless claimants under retirement age has fallen only from 5.6 million to 5.2 million at a time when 3 million new jobs have been available—nearly all of them taken by people coming to this country to seek work—what plans does the Secretary of State have to free up local offices and give them their own budgets so that they can find more effective ways of moving people from benefit into work?

Yvette Cooper: As my right hon. Friend will know, we are introducing the flexible new deal, which will provide more flexible and personalised support. We are also seeking, both though the Welfare Reform Bill and through pilot programmes, to introduce more flexibility, focusing on individuals' personal problems and the reasons why they may not be able to return to the labour market. I hope that he will recognise that important progress has been made to reverse what was an inexorable rise in the number of people on sickness benefits, and that there have been no increases although the labour market is under considerable pressure as a result of the recession.

Mr. Mark Harper (Forest of Dean) (Con): I am afraid that the Secretary of State simply is not correct. The Government's target is to remove 1 million people from incapacity benefit and employment support allowance by 2015. The last set of official statistics showed an increase, as do early estimates from the Secretary of State's own Department. Let me return to the question asked by the hon. Member for Glasgow, South (Mr. Harris). How exactly will the Government hit that 1 million target, given that they have been singularly unsuccessful in doing so thus far?

Yvette Cooper: I am sorry to hear the hon. Gentleman ask that question, but the answer is clear: we will invest additional sums to help people back into work. Conservative Front Benchers have opposed that investment. It is tragic that they should oppose £5 billion of additional support to help people to return to work during a recession. It should also be recognised that in the early 1990s, between 1990 and 1991, the number of people receiving inactive benefits rose by more than 200,000, and that it has not increased over the past 12 months.

David Cairns (Inverclyde) (Lab): I was told by a very experienced individual who had been a job centre manager during the 1990s about the really tough targets for moving people from employment benefits to incapacity benefits at that time. We also discussed the fate of the cohort who have failed their employment support allowance medical and who have not so far turned up again on the jobseeker's allowance rolls, although they might have been expected to do so. Either they have found jobs, which would be a good thing, or they have fallen out of the system altogether, which would be a bad thing. What research is the Department conducting to ensure that no one who needs help and support is losing out as a result of the new system?

Yvette Cooper: My hon. Friend will know that we are monitoring all the changes to ensure that we support the most vulnerable, and that we help people back into work. He will also know that some people have managed to find work for themselves. However, we should also focus on more individual problems. We should examine

the individual reasons why people may not be receiving the support that they need, and ensure that we can provide it.

Financial Assistance Scheme

3. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When she next expects to meet occupational pensioner groups to discuss the operation of the financial assistance scheme. [282348]

The Minister of State, Department for Work and Pensions (Angela Eagle): My office is currently arranging meetings with trade union representatives and members of the Pensions Action Group.

Mr. Bellingham: I am glad to hear that. Is the Minister aware that I represent a number of constituents who were members of the Albert Fisher pension scheme, which unfortunately failed? They all qualify for assistance under the financial assistance scheme and were originally promised that they would receive about 90 per cent. compensation, but they have now discovered that they will receive much less than that. The fine print shows that many will receive less than 60 per cent. Why have my constituents had their hopes raised only to see them dashed in such a cruel way?

Angela Eagle: I am happy to have more detailed discussions with the hon. Gentleman about the particulars of the pension scheme that he mentioned, but through the financial assistance scheme we have provided 90 per cent. assistance, subject to a cap of £26,000. That is what the scheme is designed to deliver, and it will do so.

Hugh Bayley (City of York) (Lab): Nothing is more frightening to people than paying into a pension scheme for many years only to find that it does not produce the benefits that they were expecting, so will my hon. Friend join me in congratulating the 53 members of staff in York who run the FAS, which has rescued 834 pension schemes and has some 12,000 pensioners in payment? Does she also agree that when the state provides a safety net it is important that that safety net is not so gold-plated that it creates perverse incentives for employers to close down schemes, and that it is extremely important, too, that the state safety nets that this Labour Government have introduced are maintained?

Angela Eagle *rose—*

Mr. Speaker: Order. It is also extremely important that the reply should be a little bit briefer than the question.

Angela Eagle: I shall see what I can do, Mr. Speaker.

Currently, 12,031 people are being helped by the FAS, which has paid out £55 million gross so far. It was never intended to replace benefits completely if schemes begin to be wound up without being fully funded, but it does provide 90 per cent. assistance subject to a cap of £26,000.

Steve Webb (Northavon) (LD): May I congratulate the Minister and the Secretary of State on their new appointments? Does the Minister not accept that the FAS pensioners feel like the poor relations because they are told there is not the money to give them full compensation, when there was money, for example, when building societies were bailed out to put 100 per cent. of the shortfall of those pension funds in at the time? So this is clearly a matter of priorities. Does she also accept that this 90 per cent. figure that she uses is highly misleading—I am sure not deliberately so—because it is not just capped, but there are big issues about the inflation protection? Does she accept that many pensioners will get much less than 90 per cent., and that over the years they will see annual falls in their real pensions? Will she look at those cases again?

Angela Eagle: Without this Labour Government's having introduced the FAS, there would have been no help whatever. Clearly, there is indexation at 2.5 per cent. for post-1997 accruals. We have also extended early access for those with ill health who have had to retire within five years of retirement age, and for those with a progressive disease we have introduced early access which is unreduced. This is more than we promised to do when the FAS was created. I am happy to keep looking at this, but I think the hon. Gentleman ought to acknowledge that we are providing great assistance where there was none before.

Means-tested Benefits

4. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What the rate of uptake of means-tested benefits was in 2008. [282350]

The Parliamentary Under-Secretary of State for Work and Pensions (Helen Goodman): The latest estimates of take-up across the five income-related benefits in 2007-08 were published last Thursday. For the income-related benefits that my Department measures, £35.2 billion was claimed, which represents overall take-up by expenditure of between 77 per cent. and 85 per cent.

David Taylor: Between £200 million and £300 million per day is going unclaimed in jobseeker's allowance, income support, pension credit and council and housing tax benefits because people—especially the poorest pensioners—are unaware of their entitlement, confused by complexity, or unwilling to take what are seen as handouts. Will the Minister step up a gear on take-up campaigning, and move at full speed out of the present means-measuring morass towards the automatic payment of benefits, as Help the Aged is urging her to do?

Helen Goodman: I agree with my hon. Friend that take-up is vital to tackling pensioner poverty. He has raised the Help the Aged campaign for the automatic payment of benefits. We are taking powers in the Welfare Reform Bill to enable us to undertake pilots to do precisely that. My hon. Friend is assiduous in defending the interests of his constituents, and I congratulate him on launching the first contact pilot in North-West Leicestershire, which brings together the work of the local authorities, the Department for Work and Pensions and the voluntary sector and is precisely aimed at increasing take-up.

Philip Davies (Shipley) (Con): Over the weekend, a constituent came to my surgery who has been a higher rate taxpayer but is now not entitled to any unemployment

benefit because of the levels of his savings. Does the Minister not agree that that kind of means-testing discriminates against those people who have paid substantial amounts in taxation over many years and gives perverse incentives to people not to save?

Helen Goodman: In response to the problems faced by people with large levels of savings, the Chancellor announced an increase in the capital disregard from £6,000 to £10,000, which should have a significant impact on constituents such as the hon. Gentleman's.

Mr. Nigel Waterson (Eastbourne) (Con): I welcome the hon. Lady to her new position. Is it any wonder that, with £5 billion of means-tested benefits going unclaimed by pensioners every year, 2.5 million are living in official poverty? Why are Ministers trying to sweep under the carpet the effect of means-tested benefits on the new system of personal accounts? Does she not care that many thousands could end up worse off as a result of being auto-enrolled into personal accounts?

Helen Goodman: The hon. Gentleman should be aware that 95 per cent. of people are covered by personal accounts. I am not sure whether he is conscious of the fact that since November it has been the case that claims for housing benefit and council tax benefit can be made in one telephone call, alongside those for pension credit. That will speed up the process and make it far easier for people to get their council tax benefit.

Jobseekers Allowance (Training Courses)

5. **David T.C. Davies** (Monmouth) (Con): What recent assessment she has made of the effects on the assistance available to jobseeker's allowance claimants of their participation in training courses; and if she will make a statement. [282351]

The Secretary of State for Work and Pensions (Yvette Cooper): Training can be an important part of helping people back into work and that is why we are increasing training support for jobseekers, particularly those who have been out of work for more than six months. For training support to be most effective for jobseekers, it needs to be accompanied by a continued search for new jobs.

David T.C. Davies: What would the Secretary of State say to a constituent of mine who wanted to renew his forklift truck driver's licence, which could have got him a job, and was told that, despite his having been out of work for six months, he was not eligible to have the costs refunded or to have any training not because he was not entitled to it, but because he lived in the wrong area? Why is there a postcode lottery when it comes to giving training to people who want to find work?

Yvette Cooper: I am obviously very happy to look into the individual case that the hon. Gentleman raises. Across the country, we have provided increased support for training. He is right, I think, to raise the case of a constituent who has been out of work for six months, because the longer people are out of work, the harder it can be to find new jobs. Although new vacancies are being reported all the time, if someone does not have up-to-date skills or recent work experience, it can be harder. That is why we have provided additional investment in training to help those people. I shall look into his individual case.

Julia Goldsworthy (Falmouth and Camborne) (LD): The Secretary of State has just said that the longer people are out of work the more difficult it is for them to get back into work. Is that not particularly true for young people? Unemployment rates have doubled in Cornwall over the past year. Does that not mean that help, such as training, needs to be introduced and to be available to people before they have been unemployed for a year, so that they do not get trapped in a vicious cycle?

Yvette Cooper: The hon. Lady is right that we need to provide help for young people in particular. We saw what happened not only in the early '80s, but the early '90s, when effectively we lost a generation to work because of the long-term unemployment among young people. That is why, as well as the future jobs fund, which will provide more than 100,000 additional youth jobs across the country, we want training at an earlier stage. Young people can also benefit from the additional training provided at six months that was introduced in April. It is an additional help to people who need support at this time, in the middle of a recession.

Mrs. Theresa May (Maidenhead) (Con): May I welcome you to your new role, Mr. Speaker? May I also welcome the Secretary of State to her new position, albeit that I note that she is the fourth Secretary of State for Work and Pensions in two years? May I also note that Lord Freud has been introduced into another place this afternoon, which we welcome?

The Secretary of State talks about more help after six months, but in an economy with rising unemployment and falling vacancies, many people need to be able to retrain immediately. When will the Government adopt our proposal and allow people to retrain, full time, from day one of their claim for jobseeker's allowance?

Yvette Cooper: I thank the right hon. Lady for her kind words. She and I were on the Select Committee on Education and Employment together 12 years ago. It is good to see that she has maintained her interest in these issues. On the question of what training support is provided from day one, people who have lost their job can already get up to 16 hours of part-time training and support from the skills for life qualifications and from the employability skills programmes. Last year alone, Jobcentre Plus referred just over 1 million people for skills and training in the first six months of their claims. A lot of support is provided already for training for people in the early months when they lose their jobs. She asks why we cannot introduce her policies. She would not be able to introduce her policies or most of ours because she opposes the £5 million additional investment that we are putting in to support the unemployed this year.

Mrs. May: The Secretary of State makes all these claims about the amount of help available for unemployed people but they ring hollow, given that, as from today, no new referrals to the new deal will be made across half the country, including in major cities such as Manchester and Birmingham. Why are the Government abandoning the unemployed in half the country?

Yvette Cooper: I do not think that the right hon. Lady understands what the employment programmes are. We have already introduced additional support that is stronger than the new deal in many areas since April. After someone has been unemployed for six months they can get additional job subsidies and additional training support; they can get all kinds of further help that is better than the new deal for adults, which was offered across the country. We are going further; we are introducing the flexible new deal. I must say to her that she can talk as much as she likes about "hollow words", but the hollow words come from her party, which will not fund additional help for people whom it previously abandoned. We are determined to help these people get back into work, whereas she simply opposes the funding for them.

Jobcentre Plus

6. **Jessica Morden** (Newport, East) (Lab): What recent assessment she has made of the adequacy of staffing levels in Jobcentre Plus. [282352]

The Minister for Employment (Jim Knight): As announced in the Budget, Jobcentre Plus will be recruiting up to 10,000 more staff this year, on top of the 6,000 new staff already announced in, and recruited since, the pre-Budget report. Jobcentre Plus is coping well with the increased work load, paying benefits promptly and seeing people quickly to discuss help in finding them work. Every working day, its advisers see 50,000 people to support them in looking for work.

Jessica Morden: Extra help to support hard-pressed staff is welcome, but may I ask the Minister to examine the staffing of phone lines? Many constituents have complained to me in recent months that they have tried for days to get through on phone lines without success and have ended up frustrated at Jobcentre Plus when they have subsequently been told that they cannot have an appointment there and then because they have to call a phone line in order to get one.

Jim Knight: I have had some concerns relating to anecdotal stories such as the ones that my hon. Friend rightly raises with me. I am advised that about 95 per cent. of such calls are answered in our contact centres that deal with them, and that is a good figure by any commercial comparison. However, I am keen to look at this area in more detail to see whether or not we can improve the systems to ensure that people who are claiming can obtain a referral and get an appointment as quickly as possible with Jobcentre Plus.

Mr. James Gray (North Wiltshire) (Con): Perhaps I can help the Minister with his puzzlement as to why these people cannot get through. Since 2002, 520 jobcentres have been closed by this Government—one a week has closed in the past 12 months while the number of unemployed has been rising. Why is that?

Jim Knight: As the hon. Gentleman knows, the jobcentre closures have been suspended in response to what is going on in the jobs market as a result of the global recession. He will also know that those closures were part of efficiency changes designed to make public money go further. If he is saying that jobcentres should be reopened or should remain open, he would need to find the money for that. Given that his party opposed the £5 billion extra that we are spending to get people back into work, his claims ring hollow.

Child Poverty

7. **Mr. David Gauke** (South-West Hertfordshire) (Con): What recent assessment she has made of progress towards meeting the Government's 2010 child poverty target. [282353]

The Parliamentary Under-Secretary of State for Work and Pensions (Helen Goodman): We expect to lift about a further 500,000 children out of poverty with the measures announced in and since Budget 2007. We have already lifted 500,000 children out of relative poverty and halved the number living in absolute poverty since 1997.

Mr. Gauke: The question was about the Government's 2010 child poverty target. Is it not time that they came clean and admitted that it will not be met?

Helen Goodman: Everyone, even the hon. Gentleman, must understand that in the current economic circumstances meeting the 2010 target is a real challenge. However, in the middle of a recession we are continuing to take action, which is why we published the Child Poverty Bill this month. Our approach contrasts starkly with the policies that his party pursued. Had we continued with those—

Mr. Speaker: Order. I think that we have heard enough about Opposition policy for one afternoon.

Andrew Selous (South-West Bedfordshire) (Con): The increase in child poverty in each of the last three years would seem to justify the Treasury Committee's belief that the Government will miss their 2010 target to halve child poverty by a significant margin. Many of us were hoping to debate the Child Poverty Bill today, but can the Minister tell the House how it will foster enterprise in those areas in which more than half of the working age population are not in work, and what it will do to strengthen families, given that we know that the children of parents who separate are more than a third more likely to be unemployed themselves?

Helen Goodman: As the hon. Gentleman must be aware, the Child Poverty Bill includes the scope for strategies with local authorities to deal with the regional differences to which he referred. It would be helpful if he could indicate whether he intends to support the Bill, which will make a significant difference to children in this country.

Hywel Williams (Caernarfon) (PC): What steps are the Government taking to co-operate with the Governments in Cardiff and Edinburgh in respect of their equally ambitious anti-child poverty programmes, especially given that those Governments face cuts, by some accounts, of several hundred million pounds over the next few years?

Helen Goodman: The strategy that will be written under the Child Poverty Bill will be UK-wide, but of course the devolved Administrations are free to make their own choices in the areas of health and education. The decisions they make are a matter for them.

Jobcentre Plus (Over-50s)

8. **Shona McIsaac** (Cleethorpes) (Lab): What support and training Jobcentre Plus offers people over 50 years old to assist them to re-enter employment. [282354]

The Minister for Employment (Jim Knight): We are increasing the range of back-to-work help for unemployed people of all ages, to meet every jobseeker's individual needs. This support includes the Jobcentre Plus rapid response service for those facing redundancy, and extra help after six months of unemployment. For those who are still unemployed at 12 months, we are introducing individually tailored help via contracted providers.

Shona McIsaac: Is my right hon. Friend aware that last Thursday Corus announced substantial job losses, which include 500 managerial and technical staff at their works in Scunthorpe? What will be done for people in that sector, given that they tend to be a little older, to help them to get back into the workplace? Has he considered devising some sort of apprenticeship scheme for older workers?

Jim Knight: Clearly I am aware of the sad news for those individuals of the Corus job losses, including the 500 at Scunthorpe that come on top of 93 already announced. I am aware that the profile of many of those jobs is professional, technical and managerial. Through our rapid response service, we have made contact with Corus in Scunthorpe and we will go in to offer help, including signposting older workers into training so that they can refresh some of their skills prior to becoming redundant, so that they can get back into work as quickly as possible. Apprenticeships for older people are an interesting idea. I am meeting the Minister for Further Education, Skills, Apprenticeships and Consumer Affairs later this week and I will have a chat with him about it.

Natascha Engel (North-East Derbyshire) (Lab): So many more people are now going through jobcentres that the personalised service for people over 50 seems to be getting lost. What is the Department doing specifically to ensure a focus on getting the over-50s back into work?

Jim Knight: My hon. Friend is very knowledgeable in this area, and she knows that it is important that we pay particular attention to the problems that older workers may have in getting back into work and to any age discrimination that may exist. We need to work with employers to break down some of their misunderstandings about the business gain that may result from employing workers from the rich pool of talent of those aged over 50. Part of the more personalised approach that we are taking to advice in Jobcentre Plus is to understand what talents are available in individuals and how some niche training can help them. That can be available from day one, but it is certainly available as part of the six-month offer, in which we offer a training allowance to all workers. That is a vast improvement on the situation under the new deal.

Future Jobs Fund

10. **Mr. David S. Borrow** (South Ribble) (Lab): What estimate her Department has made of the proportion of future jobs fund jobs that will come from the third sector. [282356]

The Secretary of State for Work and Pensions (Yvette Cooper): We are strongly encouraging the third sector to make bids to the future jobs fund. We believe that there is great potential in the third sector to deliver good jobs that help the community and provide important training and work experience for young people.

Mr. Borrow: Last month I arranged a job summit in South Ribble with a number of partners. We are seeking to make a bid in the first round of the future jobs fund at the end of this month. One of the issues raised at the meeting was the fact that many voluntary sector bodies, charities and small businesses employ only a handful of people, and therefore would not be eligible to apply individually to the future jobs fund. South Ribble seeks to bring a number of partners together to support small businesses and bodies in the charitable and voluntary sector that employ people in ones and twos. Will my right hon. Friend reassure me that bids made by such partners will be acceptable?

Yvette Cooper: My hon. Friend is right. May I congratulate him on the work that he does on the subject, to support jobs in his constituency? We want partners to come together to put forward proposals. That includes drawing on not only small businesses but small charitable organisations and other kinds of small groups that may be able to provide help. We set up the programme as we did in order to be able to deliver very rapidly more than 100,000 youth jobs, with a further 50,000 for the most deprived areas. It is an ambitious programme, but we think it is the right one, given the need to support people through a difficult time as a result of the world recession.

Mr. Stewart Jackson (Peterborough) (Con): What response will the Secretary of State make to the Centre for Cities report, published last week, which shows that the future jobs fund is quite inadequate for dealing with the likely number of youth unemployed, which will rise to approximately 350,000 by the end of 2011? That rise will have a big impact in places such as Sunderland, Barnsley, Swindon and Peterborough. What action is the Department for Work and Pensions taking to ameliorate the concerns raised in the report?

Yvette Cooper: It is exactly in order to prevent long-term youth unemployment, and long-term unemployment across the board, that we are investing in measures such as help for people who have been out of work for six months, and additional support for people from the very day they lose their job. If we can start bringing unemployment down faster than it came down in the early '80s and early '90s, it helps not only families who would otherwise be scarred by long-term unemployment but the wider economy and the public finances. That is why it is right to make that investment. The hon. Gentleman's comments would be rather more credible if he and his party supported the £1 billion future jobs fund, which is so critical to giving opportunities to the young people he mentions.

Employment Programmes

11. **Mr. Stephen Hepburn** (Jarrow) (Lab): What assessment she has made of the effectiveness of her Department's programmes aimed at assisting people into work; and if she will make a statement. [282357]

The Minister for Employment (Jim Knight): Over the past decade, the new deals and employment zones have led to a major transformation in employment support for long-term jobseekers, helping more than 2 million people to move into work. Our active labour market policies have helped to reduce the number of lone parents on income support by more than 290,000 since 1997, and the number on incapacity benefits by 160,000 from its peak in 2003. Our benefit reforms and the success of our employment programmes mean that the numbers of people on benefit are not escalating as they did in the last recession.

Mr. Hepburn: Although I appreciate all the efforts that the Government have made on the issue, the Minister will appreciate that in certain parts of the country, such as Tyneside, there are areas where persistent and stubborn unemployment is far greater than in other parts of the country. Will he tell us what he intends to do to try to solve that ingrained problem?

Jim Knight: My hon. Friend makes sure that I do not forget the particular problems that his constituents face in Jarrow, and those faced in the area around his constituency. Through the working neighbourhoods fund, and particularly through the future jobs fund, I hope he will be able to engage with us and continue to act as a strong advocate for his area. I hope he will ensure that we take advantage of the £1 billion future jobs fund, which Labour Members are supporting, to make sure that we get as much activity going as possible, and get real work—real sustainable jobs—in his area.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): The Minister will have seen, I hope with alarm, reports in *The Observer* newspaper suggesting that there is widespread fraud among those in the private sector who are supposed to be assisting people into work. He will perhaps know from constituents, as I do, of job creation schemes that are frankly job substitution schemes. What action is he taking to root out that fraud wherever he finds it? Will he ensure that we think very carefully before there is any further privatisation of that service?

Jim Knight: Naturally, we take any incident of fraud extremely seriously. We have robust systems in place to discover incidents of fraud, as has happened in the majority of cases that are being reported. One provider was highlighted by *The Observer* yesterday, and I am aware of another. To my knowledge, there is no evidence of any systematic fraud on the part of those providers. Indeed, the private sector providers have got 250,000 people into work. Those are individuals with whom Jobcentre Plus has been working for a considerable period and has not managed to get into work, but thanks to payment by results, we are getting good results from the private sector providers.

Jobseeker's Allowance (Preseli Pembrokeshire)

12. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): How many jobseeker's allowance claimants there were in (a) the UK and (b) Preseli Pembrokeshire constituency on the latest date for which figures are available. [282359]

The Minister for Employment (Jim Knight): In May 2009, there were 1,516,921 jobseeker's allowance claimants in Great Britain, and 1,416 in the Preseli Pembrokeshire constituency.

Mr. Crabb: Unemployment in my constituency has gone up by more than 100 per cent. in the past 12 months. One piece of good news is the new RWE gas-fired power station, which will create 2,000 jobs during its construction phase at the site in Pembroke. My constituents well understand that Ministers cannot guarantee jobs for British workers, let alone Pembrokeshire workers, but what steps has the Minister taken through his Department and through Jobcentre Plus to ensure that people in my constituency are at the front of the queue for the construction and engineering jobs being created at that site?

Jim Knight: The hon. Gentleman is clearly right: as a result of the global recession—the first global recession for many years—unemployment has risen, but he will of course have noted that long-term unemployment has fallen by 94 per cent. in his constituency, and long-term youth claimant unemployment has fallen by 73 per cent. in his constituency. The important thing for us is that we have a sufficiently active welfare state to turn people around when they become unemployed and get them back into work as quickly as possible. Thanks to the welfare reforms that the Government have put in place, we have made good progress on that. As for getting his constituents to the front of the queue, I continue to meet my colleagues at the Department for Business, Innovation and Skills and work through some of those interesting issues.

Andrew Miller (Ellesmere Port and Neston) (Lab): In constituencies such as that of the hon. Member for Preseli Pembrokeshire (Mr. Crabb) and in mine, where technology has removed many jobs from the petrochemical sector, there have been structural changes over recent years that have required a change of approach by everyone—local authorities, the Department and employees in the community. Will my right hon. Friend ensure that he works closely with the Department for Business, Innovation and Skills and the Department for Communities and Local Government to ensure that the structural changes that are going on are supported by the Government, and that we see moves into the new kinds of jobs as quickly as possible?

Jim Knight: I can certainly give my hon. Friend that reassurance. In my new role I will be working closely with the Department for Business, Innovation and Skills and the Department for Communities and Local Government. One of the things that I am particularly keen to pursue is the opportunities created by bringing together skills and business in a single Department so that we can ensure we are keeping pace with the sort of changes that my hon. Friend mentions, and linking them into the employment work that we do in the Department for Work and Pensions.

Jobseeker's Allowance (New Forest, West)

14. **Mr. Desmond Swayne** (New Forest, West) (Con): How many jobseeker's allowance claimants there were in (a) the UK and (b) New Forest, West constituency on the latest date for which figures are available. [282361]

The Minister for Employment (Jim Knight): In May 2009, as we have just heard, there were 1,516,921 jobseeker's allowance claimants in Great Britain, and 963 in the New Forest, West constituency.

Mr. Swayne: That figure of 963 has increased faster than the comparable figure in almost any other constituency in the land, principally because of the large number of small businesses that are located in the New Forest, many of which have very good order books but have cash flow problems. Were the zombie banks able to lend to them, they would have survived. Does the Minister agree that if the Government had got on the case and had a much more impressive loan guarantee scheme on the books earlier, those businesses would have survived?

Jim Knight: Certainly I am aware of the increase in the claimant rate in the hon. Gentleman's constituency. He can give statistics based on proportions that start from a very low base; I can give him back statistics based on the actual numbers, which make the picture look slightly better. On his substantive point, it is important that the Government support small businesses. I, myself, ran a small business for 10 years before entering Parliament, and he will of course have noted and been pleased that Her Majesty's Revenue and Customs helped more than 100,000 businesses by allowing them to delay their payments to it. That is far more effective than what he has talked about—and probably does not have the money to fund.

Mr. Speaker: Ms Keeble.

Ms Sally Keeble (Northampton, North) (Lab): Question 15, Mr. Speaker.

Mr. Speaker: I was calling the hon. Lady on Question 14.

Ms Keeble: In relation to people in the building industry claiming jobseeker's allowance, real problems have been raised in my constituency about their ability to obtain it because of their special employment status. Will my right hon. Friend comment on that and agree to meet me to discuss their problems further?

Jim Knight: It is always a delight to meet my hon. Friend, and I should be very happy to do so in this case; it will be a relief not to have to talk about the problems of the schools in Northampton when I do. There is clearly an issue for large numbers of construction workers who are self-employed and have chosen to pay class 2 rather than class 1 national insurance contributions. That decision removes their right to some entitlement-based jobseeker's allowance, but I am happy to discuss the issue with her. She will understand that there is a basic principle involved, but I hope that her constituents understand also that, thanks to the Government's accelerated introduction of capital spending, the public sector is doing a lot to help the construction industry.

Topical Questions

T1. [282370] **Mr. Philip Hollobone** (Kettering) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for Work and Pensions (Yvette Cooper): Tomorrow marks the end of the first round of bidding for the £1 billion future jobs fund. The information that we currently have leads us to expect several hundred bids from a range of organisations: local authorities in particular, heritage organisations, third sector organisations and other groups. They are proposing jobs in a range of sectors, including green jobs, public services and housing. We are also seeking further bids over the summer because we want to create 150,000 jobs throughout the country. Shortly, the Prime Minister will set out in his statement further steps that we are taking to ensure that young people are not left behind and that another generation is not lost to work.

Mr. Hollobone: At a time when businesses have enough on their plate, is it not unethical, underhand and an abuse of taxpayers' money for the ethnic minority employment task force in the right hon. Lady's Department to send out false job applications with foreign-sounding names to try to smear businesses with allegations of racism?

Yvette Cooper: That is simply not an accurate description of what is happening. In fact, the task force has funded a research project to look at whether there is discrimination in particular areas as part of its work to ensure that people from all ethnic minorities get on, find jobs and have proper opportunities in work.

T3. [282372] **Laura Moffatt** (Crawley) (Lab): It is a pleasure to see you in the Chair, Mr. Speaker.

People with disabilities are very keen, even in this challenging job market, to be able to continue to look for jobs, and the welcome that they receive in job centres is central to that. Will my hon. Friend assure me that people with disabilities are dealt with properly, and that access issues are dealt with, so that wheelchair users achieve access and are dealt with as we would expect to be dealt with?

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): I thank my hon. Friend for that question. There are disability employment advisers in each job centre, and they are able to advise potential employees about a range of support programmes, including the access to work programme that I referred to earlier, which will double over the next few years. There is an additional £8 million this year. Indeed, we are striving to assist people who are furthest from the labour market, including people with mental health issues and learning disabilities. There will be no let up in helping disabled people to get into work.

T4. [282373] **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): The Minister for Employment will be aware that, according to last week's figures, the rate of unemployment is growing twice as fast in Scotland as it is throughout the UK. Indeed, in my constituency, we have seen a 74 per cent. increase in 12 months. Does he agree it is absolutely crucial that Governments in Edinburgh and London work together to tackle the growing problem of unemployment in Scotland? What contact has he had with Scottish Government Ministers to tackle it?

The Minister for Employment (Jim Knight): The hon. Gentleman is, of course, right: we need to ensure that the Government in Westminster work closely with the Scottish Government and local authorities in Scotland, including in the hon. Gentleman's constituency, to tackle unemployment. He will be pleased to know that my right hon. Friend the Secretary of State will be in Scotland next week. She will meet Fiona Hyslop, the Minister, to discuss those matters.

T5. [282376] **Mrs. Madeleine Moon** (Bridgend) (Lab): In June, the director for enterprise and business at Remploy invited senior managers to a hotel in Leeds for a brief training course, lasting from 12 until 4.30, followed by a black-tie dinner, an overnight stay at a hotel, a non-business speaker and a race evening. Would it not have been more appropriate for that public money to have been spent on helping unemployed disabled people in constituencies such as mine, which has a Remploy factory, rather than on jollies for Remploy business managers?

Jonathan Shaw: I am grateful to my hon. Friend for raising that point. It has been alleged that the event cost £50,000, but she will be aware that that is not the case—the cost was more like £14,000. The hotel fee was about £120 a night, which I think hon. Members would consider a reasonable amount. MPs and others have been requesting that the sales team improve; the event brought together all the work force and sales team so that they could get additional sales. That was the purpose of the day.

At the end of the evening, there was a non-business speaker—a Paralympian motivational speaker. The focus of the day, however, was on improving sales. That is what my hon. Friend wants in Bridgend and what we all want in Remploy factories across the board. It is right that the company should focus on improving sales; if it was not doing so, I am sure my hon. Friend would have other words to say.

T6. [282377] **Mr. David Gauke** (South-West Hertfordshire) (Con): The Institute for Fiscal Studies has projected, on the basis of DWP figures, that expenditure on social security and tax credits will increase by 1.7 per cent. per year between April 2011 and March 2014. Do Ministers accept those assumptions? If they do not, do they have alternative numbers?

Yvette Cooper: As the hon. Gentleman will be aware, the IFS does its own analysis. As he will also know, we do not set forecasts for unemployment. However, we are clear that the more we invest at this stage to help people back into work, the faster we can bring unemployment down. That will cut social security bills in future and allow us to provide more investment in important public services—unlike the Conservative party, which would prefer to make public sector cuts.

T7. [282378] **Mr. David S. Borrow** (South Ribble) (Lab): This year, Conservative-controlled South Ribble borough council has cancelled its apprenticeship programme, and I have been trying to persuade it to reverse the decision. Is there anything that my right hon. Friend can do to help me to provide the council with some incentive to help young people in my constituency into apprenticeships, perhaps through the future jobs fund?

Yvette Cooper: I am disappointed to hear that from my hon. Friend. We hope that not only his local council but councils across the country and organisations in the private and public sectors will work with us to help young people into training and employment at this critical time. We want to expand the apprenticeships scheme and we are working to get as much support as possible for it and for the future jobs fund. I shall be happy to talk to my hon. Friend further about the issue because the Local Government Association generally supports the future jobs fund. It is working to support additional bids for the fund and for apprenticeships across the country. That makes South Ribble borough council's pulling out of apprenticeships all the more disappointing. *[Interruption.]*

Mr. Speaker: Order. There is quite a lot of chuntering going on, mainly by people who have just entered the Chamber.

Miss Julie Kirkbride (Bromsgrove) (Con): Ministers will be only too sadly aware that the United Kingdom has the highest level of youth unemployment in Europe and that the figures are likely to be added to during the summer, as many thousands of graduates leave university and look for work. Can the Minister help me to tell my constituents what advice and help will be available to them as they try to find a place in the job market?

Jim Knight: As I said earlier, young people, like others, are affected by the worldwide recession. It is worth noting, however, that long-term youth claimant unemployment is still 56.6 per cent. lower than it was in 1997. We are being successful in quickly turning around people, including young people, who are becoming unemployed. The hon. Lady will be aware that when my right hon. Friend the Secretary of State for Communities and Local Government was at the Department for Innovation, Universities and Skills, he announced an internship scheme in order to help graduates leaving university. Over the summer we will be talking more about that, as well as other opportunities for school leavers, including the September guarantee, which the hon. Lady's party opposes.

Mr. Lindsay Hoyle (Chorley) (Lab): I think those on the Front Bench are well aware that the biggest problem is pensioners' entitlement to allowances and benefits, millions upon millions of which, however it is dressed up, go unclaimed each year. What more are Ministers going to do to ensure that those pensioners get the money they are entitled to?

The Minister of State, Department for Work and Pensions (Angela Eagle): Take-up of pension credit is close to 70 per cent., and that has taken 900,000 pensioners out of poverty. Since 1998-99, there has been a reduction from 29 to 18 per cent. in the proportion of pensioners on relative low incomes. We continue to do all we can to encourage take-up of pension credit among those who are entitled to it. I would be happy to assist my

hon. Friend in doing what he can in his own constituency to get every single pensioner who is entitled to claim pension credit claiming it.

Sir Patrick Cormack (South Staffordshire) (Con): I congratulate the Secretary of State on her appointment. Will she agree to receive the hon. Member for Stafford (Mr. Kidney), who I am delighted to see on the Front Bench, and me to discuss the plight of the 70 Equitable Life victims whom we met at a meeting in my constituency just two weeks ago?

Yvette Cooper: The hon. Gentleman will know that as a result of the Treasury's response to the parliamentary ombudsman's report, Judge Chadwick is looking into the circumstances around the events at Equitable Life in order to be able to provide additional support for the people who have been affected by them. I am sure that the Treasury will keep the House informed.

Dr. Brian Iddon (Bolton, South-East) (Lab): It seems that more and more of my constituents who were previously employed full time are getting new jobs with employers but on a self-employed basis. That puts the employer at a great advantage and the employed at a severe disadvantage, especially if they become sick or seek jobseeker's allowance. What are the Government doing to stop this nonsense?

Jim Knight: Clearly it is important that those individuals are well represented if they are being forced to do things against their will, and I hope that they are members of trade unions so that they can receive that kind of representation. Those who are self-employed need to take good advice on whether they could volunteer to pay class 1 or class 2 contributions. Those who opt for class 1 contributions should then pay in so as to be able to claim if they need to as a result of becoming unemployed.

David Howarth (Cambridge) (LD): Will Ministers agree to meet a delegation from Cambridge to discuss the deeply disappointing result of the broad market rental area review for Cambridge, which means that hundreds of Cambridge residents will continue to be in a position whereby their housing benefit is forcing them to move out of the city—a situation that the valuation office says results from the state of the legislation, not any discretion on the part of that organisation?

The Parliamentary Under-Secretary of State for Work and Pensions (Helen Goodman): The hon. Gentleman may be aware that we will shortly be publishing a Green Paper on housing benefit. When we do, we will look at how to create a system that combines efficiency with maintaining work incentives and is fair to people across the country.

Joan Walley (Stoke-on-Trent, North) (Lab): My hon. Friend will be aware of the jobseeker's pledge that my hon. Friend the Minister for the West Midlands launched today in Stoke-on-Trent to create 250 apprenticeships in the public sector in Stoke-on-Trent and north Staffordshire. Will he give me an assurance that the Department for Work and Pensions and jobcentre staff will do everything possible to ensure that we get local apprentices in those local jobs?

Jim Knight: I certainly did note the announcement by the Minister for the West Midlands, and I pay tribute to Staffordshire county council, Stoke-on-Trent city council, Staffordshire fire and rescue service and Keele university in particular for coming forward with apprenticeship pledges. It is crucial that we integrate skills and employment more, and I hope that the bids for the future jobs fund—the £1 billion fund that the Conservative party opposes—will include bids for apprenticeship places as part of that integration.

Sir Nicholas Winterton (Macclesfield) (Con): The jobcentre in Macclesfield is working exceptionally hard to get people back into work. Would that HBOS, a bank bailed out by the taxpayer, would do the same. It appears to be more interested in taking in administrators undertaking the liquidation of companies, because of the big fee that they get, and working in cahoots with an asset-stripping company. Will the Government do something about getting banks such as HBOS to be more sympathetic and understanding about saving jobs rather than losing them?

Yvette Cooper: The hon. Gentleman will know that the Government did a lot to ensure that the major banks did not crash in the autumn, which would have put people's savings at risk and would of course have had major job consequences and wider, catastrophic consequences for the entire economy. He will know, too, that regional Ministers and the regional development agencies are continuing to work with the banks that are going through restructuring, to support jobs in every part of the country.

I am glad that the hon. Gentleman paid tribute to the work of Jobcentre Plus, which he will know is doing considerable and laudable work across the country in advance of redundancies being made, as well as to help people who have unfortunately been made redundant and need help and investment to get them back into work.

Building Britain's Future

3.31 pm

The Prime Minister (Mr. Gordon Brown): With permission, Mr. Speaker, I should like to make a statement on the draft legislative programme—our plans to build a stronger, fairer and more prosperous Britain.

In the past year we have taken action to prevent a collapse of banks, to protect home owners against recession and to maintain vital investment in public services at the time when people need them most. Now, as we seek to move our economy out of recession, we are setting out the steps that we propose to support growth and jobs in the economy.

In the last two recessions, tens of thousands of young people were written off to become a generation lost to work. That is a mistake that this Government will not repeat. So today we are announcing new measures, to be paid for from the spending allocations made in the Budget and from switching of spending, to meet new priorities that include creating new growth, new jobs and new housing. Targeted investments to support jobs and strengthen growth are also the surest and fastest way to reduce deficits and debt in every country.

So my first announcement is about new jobs for young people. Starting from January, every young person under 25 who has been unemployed for a year will receive a guaranteed job, work experience or a training place. In return—I believe there will be public support for this—they will also, from next spring, have the obligation to accept that guaranteed offer. This is the first time that any Government have guaranteed that jobs and training will be available to young people and, crucially, made it mandatory for young people, if there is a job available, to take that work up or have their benefits cut if they do not do so. To underpin that guarantee, as part of the investments that we announced in the Budget, £1 billion is being set aside for the future jobs fund, which will provide 100,000 jobs for young people, with another 50,000 in areas of high unemployment.

From this September we will also realise our pledge to all school leavers that every 16 and 17-year-old will receive an offer of a school or college place, or a training place or apprenticeship. Also from this September, we will offer 20,000 new full-time community service places. That will complement the help for adults who have been unemployed for six months, who will get access to skills training or a jobs subsidy—part of about £5 billion that we set aside in the Budget and pre-Budget report for targeted support for jobs and training in this country.

In total, through the action taken so far, and by rejecting the view that Government should cut investment in a recession, we are preventing the loss of about 500,000 jobs. Our continued investment in giving immediate help through Jobcentre Plus to people made unemployed is already making a difference, with each month about 250,000 people moving off unemployment.

New jobs for the future will also come through making the necessary investments in low-carbon energy, digital technology, financial services, bioscience, advanced manufacturing and transport. Those are the building blocks of the competitive economy of the future, so we will use the Queen's Speech to ensure that the British economy is best placed to take up those opportunities.

First, the new energy Bill will enable us to support up to four commercial-scale carbon capture and storage demonstration plants for Britain. The Bill complements the £1.4 billion of public investment provided in the Budget for low-carbon energy, and up to £4 billion now on offer from the European Investment Bank. In addition, following our reforms to the policy, planning and regulatory regimes in this country, we will see between now and 2020, as we meet our renewable energy targets, around £100 billion invested by the private sector. Those investments will make Britain a major global player in low carbon, with another 400,000 green jobs by 2017, taking British employment in the sector to well over 1 million.

Secondly, the digital economy Bill will help underpin our commitment to enable broadband for all by 2012, working towards a nationwide high-speed broadband network by 2016, with additional Government investment unlocking new jobs and billions of additional investment from the private sector.

Thirdly, a new innovation fund will be announced today by the Minister for Science and Innovation. It is £150 million of public money, which will, over time, lever in up to £1 billion of private sector investment in biotechnology, life sciences, low-carbon technologies and advanced manufacturing.

Over the coming weeks, the Transport Secretary will set out plans to advance the electrification of transport, cutting rail carbon emissions on newly electrified lines by around one third. Lord Davies will lead a new drive to improve the country's infrastructure, thus increasing the efficiency with which projects are taken forward, with the establishment of a new body, Infrastructure UK. An asset sales board will work with the shareholder executive to achieve our £16 billion assets sales target—money that can be redirected to public investment. Those investments will strengthen our economy and create new jobs. We believe that investment by the Government and the private sector will enable the economy to create 1.5 million new skilled jobs in Britain in the next five years.

In every part of the country, there is an urgent need for new social housing and for new affordable home ownership. So the Minister for Housing is announcing that in the next two years—from the re-allocation of funds—we will more than treble the extra investment in housing: from the £600 million announced in the Budget to a total of £2.1 billion from today. That will finance over the next 24 months a total of 110,000 affordable homes to rent or buy and in doing so create an estimated 45,000 jobs in construction and related industries.

By building new and additional homes we can now also reform social housing allocation, enabling local authorities to give more priority to local people whose names have been on waiting lists for far too long. We will consult on reforms to the council house finance system to allow local authorities to retain all the proceeds from their own council house sales and council rents. We want to see a bigger role and responsibility for local authorities to meet the housing needs of people in their areas.

We will continue to take forward the far-reaching reforms of financial supervision, upon which we have embarked, domestically and globally, since the financial crisis hit in 2007. For those who argue that that issue is falling off the agenda, let me make it clear: sorting out

[The Prime Minister]

the irresponsibility and regulatory weaknesses that led to the crisis remains an urgent imperative, to which we will continue to give priority at home and abroad.

The financial services and business Bill will ensure better consumer protection, including a ban on unsolicited credit card cheques. In addition, the Financial Services Authority is taking action to ensure that there can be no return to the old short-termist approach to executive pay in the banking sector. *[Interruption.]*

Mr. Speaker: Order. I apologise for interrupting the Prime Minister. Mr. Barker, you need to simmer down a little.

The Prime Minister: To help tackle tax avoidance, the Treasury is publishing today a new tax code for banks.

Alongside our strategy for growth and jobs, we will introduce new legislation: for education, to address child poverty, and for policing. In doing so, we will create a new set of public service entitlements for parents, patients and citizens—securing for them more personal services tailored to their needs. For patients in the health service, that will mean enforceable entitlements to prompt treatment and high standards of care: a guarantee that no one who needs to see a cancer specialist waits more than two weeks; a guarantee of a free health check-up on the NHS for everyone over 40; and a guarantee that no one waits more than 18 weeks for hospital treatment.

The Health Secretary will bring forward proposals later this year to focus the NHS further towards prevention and early intervention; to extend the choices for people to have treatment and care at times that suit them and, whenever possible, in their own homes; and to reform and improve maternity and early-years' services. We will shortly consult on far-reaching proposals for how we need to modernise our health and social care systems, so that our country can meet the challenge of an ageing society.

The second set of public service entitlements will be for parents, with a guarantee of individually tailored education for their children, as part of far-reaching reform in the schools system. I want all our children to have opportunities that are available today only to those who can pay for them in private education. It is right that personal tutoring should be extended to all who need it, so there will be a new guarantee for parents of a personal tutor for pupils at secondary and primary schools and catch-up tuition, including one-to-one tuition for those who need it.[1]

So that every school in our country is a good school and so that we meet the national challenge to eliminate underperforming schools by 2011, we will see the best head teachers working in more than one school, as we radically extend trusts, academies and federations to increase the supply of good school places throughout our country.

The third set of new public service entitlements is the offer that neighbourhood police teams can make to all citizens in every community. Already—since last April—there are 3,600 teams in place, offering to every part of the country policing tailored to the community's needs. We will now go further and give guarantees to local people that they will have more power to keep their neighbourhoods safe, including the right to hold the police to account at monthly beat meetings, to have a say on CCTV and other crime prevention measures and to vote on how offenders pay back to the community.

Our policing, crime and private security Bill will give the police more time on the beat, by changing and reducing the reporting requirements for police officers on stop-and-search forms, as well as new rights to ensure that women are better protected against violence. That will take account of recommendations made in response to our consultation on violence against women and girls, which will be published this autumn. We will also legislate to ensure protection for children, with a new and strengthened system of statutory age ratings for video games.

Because British citizenship brings responsibilities as well as rights, we will now require newcomers to earn the right to stay, extending the points-based system to probationary citizenship. The more someone contributes to their community, the greater their chance of becoming a citizen.

The Foreign Secretary will introduce legislation to prohibit the use, development, production, stockpiling and transfer of cluster munitions, bringing into British law the international agreement that we led the way on signing last year.

Building Britain's future must clearly start here in this Parliament with our commitment to cleaning up politics and establishing a new and strong democratic and constitutional settlement to rebuild trust in politics. I can announce today, on the House of Lords, that we will legislate in the next Session to complete the process of removing the hereditary principle from the second Chamber and provide for the disqualification of Members where there is reason to do so. We will set out proposals to complete Lords reform by bringing forward a draft Bill for a smaller and democratically constituted second Chamber.

There is a real choice for our country: driving growth forward or letting the recession take its course; creating jobs for the future or doing nothing. We will not walk away from the British people in difficult times. Our policy is to build the growth, the jobs and the public services that we need for Britain's future. I commend this statement to the House.

Mr. David Cameron (Witney) (Con): The Prime Minister talks about building Britain's future, but is it not time that the British people were asked whether they want him to be part of it? There was no recognition in that statement that Labour has been in office for 12 years and no recognition of the catastrophic state of the public finances. The Prime Minister is living in a dream world where spending is going up, investment is going up and infrastructure is being boosted. When is someone going to tell him that he has run out of money? He talked, for instance, about housing. Let me give him just one figure: house building today is at its lowest level since 1947. People are entitled to ask: simply what world is he living in?

I expect that, like me, Mr. Speaker, you will have been thinking that you had heard a lot of that statement before—and not just because the Prime Minister ignored your injunction and leaked most of it in advance. It is because we have heard most of it before. How many

1. *[Official Report, 30 June 2009, Vol. 495, c. 3MC.]*

times has the country been told to expect the Prime Minister's vision? How many times have we been told to expect a string of policy announcements that was going to involve bold reform? Every single re-launch collapses, and did that not happen more quickly than usual today? At 7.50 am, Lord Mandelson took to the airwaves and promptly sank the whole thing by cancelling the Government's spending review. So, is not what we have today a package without a price tag? It is just a combination of rehashed initiatives, ideas taken from the Opposition and some timid, bureaucratic, top-down tinkering.

I have to admit that there are some good things in the statement—[Hon. Members: "Ah!"] Yes—that is because we thought of them. The future fund, carbon capture and storage demonstrations—*[Interruption.]*

Mr. Speaker: Order. The Leader of the Opposition must be heard.

Mr. Cameron: At least they can read and take dictation. For example, the Government are saying, "If you don't take the job, you won't get the benefits." We announced that at our party conference two years ago. Every year, the Prime Minister says that we do not have any policies, yet every year he fills his draft legislative programme with them.

Much of the rest of the programme has been rehashed from previous years. The simplification of our immigration rules, for example, was announced in last year's programme. The floods Bill was recommended in 2007, announced in 2008 and re-announced again this morning, in 2009. One-to-one tuition and the NHS check-ups were both announced last year—[Hon. Members: "We are doing that."] Well, you should be doing it by now.

The Constitutional Renewal Bill is now back for the third time in a row. This time, it is apparently going to include Lords reform—but the Prime Minister has not been reforming the House of Lords; he has been stuffing it with his cronies. I stuffed it with one of his cronies, too; he is on our side now. Is not the real renewal that our country needs not a Bill but a general election?

Where is the Heritage Protection Bill that was announced last year? Where are the regulatory budgets that the Prime Minister announced as a way of cutting red tape on business? We have heard not a word about the legislation on the Royal Mail. That was to be the great virility test for the Prime Minister's reforming zeal—remember? Where is it? Stuck in the post? We were promised a Second Reading before the summer recess. Where is it? Lord Mandelson said in today's *Financial Times* that he was finding himself "jostled" out of the programme. I cannot believe that Lord Mandelson of upgrade has ever been jostled out of anything, but there we are.

Let me make the Prime Minister an offer. If he has not got time in his packed parliamentary schedule to get his Royal Mail reforms through, would he like to use the time allocated for our Opposition day debate next week for the Bill's Second Reading? Would he welcome that? Just nod—*[Interruption.]* Is there anybody out there? Is there anybody in there? So much for all his talk about tough decisions: he has bottled it once again.

The Prime Minister claims that there are three themes in his statement: the economy, public services and political reform. Let me ask him a couple of questions about each. First, on the economy, he talks about what he is doing for the unemployed. Will he confirm that the number of young people who are not in employment or training was higher than a decade ago even before the recession began, and that there are now 1 million of our fellow citizens in that situation? On banking, do we not need to recognise that the whole system has failed? That is why we are planning to end the whole tripartite system, to give new powers to the Bank of England and to let the Bank call time on debt. Is not what we have got from the Government just tinkering with a system that does not work, from a Prime Minister who set it up and cannot afford to admit that he got it wrong?

On public finances, when will the Prime Minister address the fact that Britain is heading for the worst budget deficit in the developed world? To listen to his statement, one would think that the Treasury was rolling in money. When is someone going to tell him that it has run out? Let me read out what the OECD said only this morning. It said that the Government had to be more "ambitious" and more "explicit" about the need for spending cuts. The OECD is joining a growing list—from the Institute for Fiscal Studies to the Governor of the Bank of England, and, in private, half the Cabinet—of those who admit that he has got to be straight with people on spending. So let me ask the Prime Minister a very simple question: will there be a spending review before the general election? This morning, the First Secretary said that there would not, then the Treasury said that there might be. Who speaks for the Government? Any household or company faced with that level of debt would start to get it under control. Is it not essential to start reviewing spending now?

If the first big failure of today's announcement is the lack of honesty on spending, the second is surely the lack of real reform in our public services. I suppose, however, that we should be grateful for one thing: year after year, this Government and this Prime Minister have promoted and defended their targets culture; today, they have finally admitted that they were wrong all along. But let us make no mistake: the proposals are about top-down, bureaucratic tinkering, not real reform.

On schools, the Prime Minister talks about putting power in parents' hands, so why is he replacing the raw data of school league tables with manufactured report cards? On the police, why is the Prime Minister just talking about empowering citizens, rather than giving them the chance to vote for their elected representatives? On health, why is he restricting people's choices rather than letting them and their GPs choose where they get treated?

Then there is the addiction to the initiative. Let us take just one—the parenting order. It is apparently the big, new idea on school discipline, but it was actually announced in September 2004. In the past five years, how many pupils have been disciplined in that way? A big fat zero. That is the truth behind the Government's announcement. The truth about today's statement is that it serves only to highlight the decline of this Government. Their money has run out, their political capital is running out, and now their time is running out.

Will the Prime Minister answer two specific questions? First, will there be a comprehensive spending review? Secondly, will he bring forward the legislation on the Royal Mail before the summer recess?

[Mr. Cameron]

What we have seen today is yet another re-launch—a re-launch without a price tag. Is it not clear to the whole country that the only way to sort out our finances, to get real reform of our public services, and to build Britain's future, is to change this wretched Government?

The Prime Minister: The big question in this country is how to return to growth and secure extra jobs in the economy. The right hon. Gentleman has made not one policy suggestion that could get us moving in the right direction. We have announced that unemployed young people will get jobs after they have been unemployed for a year, and that is mandatory. His policy is to do absolutely nothing. We have announced an autumn guarantee for school leavers so that they can get jobs or training. His policy is to do absolutely nothing. We have announced help for unemployed adults in a way that no other Government have done before. His policy is to do nothing. We have announced new help for social housing today. His policy is to do absolutely nothing and to leave people without homes. We have announced new help for owner-occupiers today. His policy is to do nothing.

In every area in which the country is looking for a Government who will bring growth and jobs, the policy of the Opposition is to do nothing but cut public spending this year, next year and then by 10 per cent. in future years. That policy will neither create jobs and growth, nor reduce debt and deficits. It would bring worse debt and worse deficits.

As for public services, the Government were right to set targets for the future. Cancer waiting lists would not be down to two weeks had we not set a target and invested in the future. Hospital waits would not be down to a maximum of 18 weeks had we not set the targets and made the investment. GP surgeries would not be open in the evenings and at weekends had we not been prepared to make tough decisions. We will not build the health service of the future without the necessary investment.

The right hon. Gentleman wants to move from targets to a simple free-for-all. We want to move from national targets to personal entitlements, which people will see delivered as a matter of course, for shorter waiting lists, better treatment and, in schools, for parents to have more rights. But the Conservative party wants to cut spending and to cut the responsibility on public servants to deliver the service.

The right hon. Gentleman agreed with us on one—*[Interruption.]*

Mr. Speaker: Order. Mr. Duddridge, we do not need you to bellow away from a sedentary position. It is much to the benefit of the House if you do not.

The Prime Minister: As for the Royal Mail, let me make absolutely clear that the Bill that we have put forward is to do a number of things. The first is to save the pension fund of the Post Office; the second is to ensure better regulation of the Royal Mail; the third is to ensure that the universal service obligation is maintained, whereas in other countries it is being reduced; and the fourth is to introduce more capital—more investment—into the Royal Mail. The right hon. Gentleman knows perfectly well what is happening to the market for investment in this country at the moment. We will continue to push forward with our plans to modernise the Royal Mail.

As far as the comprehensive spending review is concerned, the right hon. Gentleman knows that there was a spending review in 2004 and one in 2007. We have set out plans for 2009-10 and 2010-11. No Government have given more detail on their spending allocations, and we have moved from the annual spending plans that were a feature of the previous Government's way of doing things. We will not make the mistake of pre-announcing ideologically driven public spending cuts—*[Interruption.]* Yes, 10 per cent. public spending cuts irrespective of growth, irrespective of employment, irrespective of inflation and interest rates. The Conservatives are now ideologically committed to 10 per cent. cuts in public services. That is not the policy of this Government. We are the party of growth; we are the party of jobs.

The Leader of the Opposition has only two policies: one is to cut public spending, and the other is to cut public spending even more by giving inheritance tax cuts to the very few—300,000 people in this country. For two years, he has been up against me as the Opposition leader. He has put forward no policies for growth, no policies to tackle the recession, no policies for jobs and no policies, but cuts, for our public services.

Mr. Nick Clegg (Sheffield, Hallam) (LD): The Prime Minister and the leader of the Conservatives have just perfected their fake debate on public spending, yet both are treating voters as if they are children, too young to know the truth. This morning, the Government have reneged on their promise to hold a comprehensive spending review before the next election, and the Conservatives are not going to decide on their cuts until the day after it. Neither is willing to come clean on the difficult long-term savings we will need to make to balance the nation's books. It is like a big hoax—they trade insults and numbers, but hide the truth.

There are some announcements—or, rather, re-announcements—that I welcome, not least the ongoing consultation to give local authorities control over housing rents and revenues, the proposals for an elected House of Lords and the commitment to give all young people under 25 a guaranteed job or training place. As ever, however, the devil will be in the detail. This is the 11th announcement on housing since September. The Government's consultation on housing revenue has been grinding on since January, yet 1.8 million people are still waiting for a decent home.

We have been debating reform of the House of Lords—the other place—for more than a century, so now is the time for action, not simply more proposals. The Prime Minister is still silent on some of the wider more radical political reforms we need to clean up British politics once and for all. The hopes of young people to avoid the scrapheap of long-term unemployment must not be dashed in practice once again.

In the drum roll of advance media leaks, we were promised a vision of the future from the Government based on decentralisation and personal entitlements. I welcome any recognition from a party and a Government of arch centralisers that they have got it wrong and that the levers of Whitehall do not provide all the answers. Yet many of the so-called personal entitlements are, on closer inspection, just the recycled versions of the old

targets. Suddenly, the target to receive an operation within 18 weeks of seeing a GP is called an entitlement. Last week, the Prime Minister called the cuts an investment; this week, he is calling a target an entitlement, so can he tell us exactly what is the difference?

When one scratches beneath the rhetoric, the long screwdriver of Whitehall is still in place, because the Prime Minister, the great godfather of big government, still cannot really let go. Even as we speak, his Government are giving his Education Secretary—where is he? He is not here—153 new powers in the Apprenticeship, Skills and Learning Bill, including the power to hand-pick children's school books. Is that what he calls "giving power away"? If the Prime Minister really wanted to make sure investment followed individuals, he would have announced a school funding premium tied directly to the most disadvantaged pupils so that they can get the personalised support and tuition that they need on their terms.

Given the likelihood that many of the Prime Minister's proposals will not make it off the pages of the Government's press release and are unlikely to work in practice, does he agree with a senior Government official quoted in today's *Financial Times* who admitted that this Government have

"a fixation on producing endless policy documents—a total lack of interest in delivery"?

All in all, the Prime Minister's statement was a hotch-potch of unrelated Whitehall schemes—a ministerial cut-and-paste job scraped together by a Government without a unifying vision and a Prime Minister running out of steam.

The Prime Minister: The right hon. Gentleman recognises, as we do, that employment is a huge issue. The question is, does he support our proposals or not? We have presented specific proposals for unemployed young people, for adults who need help and for school leavers this summer. The proposals are very precise, and they will give help to people in different communities of this country. The right hon. Gentleman could not tell us whether he supported them or not, but I feel that this is the right way forward, and I hope that on reflection he too will consider that those are the right things to do.

In the case of the health service and education, it is right that individuals should now have personal entitlements. We could not have achieved the 18-week maximum wait for hospitals without the investment that we have made and the targets that we have set. It is right that individuals can now be sure that they will have that entitlement when they go to their hospitals wanting health service treatment. It is equally right that parents who need tutoring help for their children who are unable to read or unable to write, or are finding it difficult to count, should receive it when we can give it to them. The right hon. Gentleman should support that.

As for the House of Lords, I hope that the right hon. Gentleman will now support our proposals for change.

Several hon. Members *rose—*

Mr. Speaker: Order. Thirty-six right hon. and hon. Members are seeking to catch my eye, so I ask for brief questions and, of course, for economical replies.

Mr. Michael Howard (Folkestone and Hythe) (Con): I congratulate the Prime Minister on the close attention he has clearly been paying to the Conservative manifesto for the 2005 election. First we had a points system for immigration; now we have the abolition of top-down targets. Is the Prime Minister not saying, in effect, that the Conservatives were right and he was wrong, and is it not a pity that we have not had a Conservative Government for the past four years?

The Prime Minister: If the right hon. and learned Gentleman's party had been elected in 2005, there would have been massive public spending cuts. That is the policy on which he stood at that election. We would not have had the health investment, the education investment and the investment in our public services that we have seen since 2005.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Will my right hon. Friend confirm that more jobs, more houses, more and better schools, a better NHS and safer streets offer a hope that contrasts with the rotting Britain that the Government inherited from Thatcher and Major, and to which we would return if the Tories had their way?

The Prime Minister: My right hon. Friend is, as usual, absolutely right. When we came to power we had to invest heavily in the national health service and in education, and we will not see the advances that we made in health and education ruined by another Conservative Government.

Mr. Roger Gale (North Thanet) (Con): The Prime Minister has yet again promised education and training for 16 to 18-year-olds. On the risible assumption that he will keep that promise, may I ask whether he will also fully fund transport to and from those places of education?

The Prime Minister: We will look at all the issues concerning 16 to 18-year-olds, but I must tell the hon. Gentleman that the summer school leavers' guarantee that we are giving is to enable young people who might have left school to stay at school, to embark on training or to obtain jobs. That is progress, and it is unfortunate that the Conservative Opposition have refused to support the policy. Despite what the Leader of the Opposition has said, the Conservative education spokesman has refused to support the summer school leavers' guarantee.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): Whatever the mythology about queue-jumping, is not the reason we have homelessness, housing waiting lists and overcrowding a long-term failure to build enough affordable homes? While I warmly welcome the additional money, does my right hon. Friend agree that a problem has been caused by the fact that Conservative and other councils throughout Britain have been blocking much-needed new housing development? Will he help to ensure that the money that he is now committing will go where it is needed most, and that those local authorities will not be able to block much-needed new homes?

The Prime Minister: My hon. Friend is a long-term campaigner for more social housing and better housing provision in her area, and she is absolutely right. The money we are making available must be used to improve

[The Prime Minister]

local authority accommodation, to improve social housing and, of course, to build new houses for ownership as well as for rent. We will insist that investment takes place in every area of the country.

Anne Main (St. Albans) (Con): The Prime Minister said that he wanted to give more priority to local housing for local people. How will he make that fit? He could not make British jobs for British workers fit. Surely he does not disagree with the proposition that local people should not be given housing before people who should be given more priority because they are homeless or have large families.

The Prime Minister: I have just announced that more houses will be built, and as a result we can now reform the housing allocation system. That is what I have announced today.

Dr. Tony Wright (Cannock Chase) (Lab): The previous Conservative Government's citizens charter came with no guarantees for citizens. I therefore welcome my right hon. Friend's announcement that this approach will have guarantees attached to it, but can he assure me that there will be a way of enforcing those guarantees?

The Prime Minister: Yes, there will be, and that is possible only because of the investment we have made in the national health service. It is possible to think of having a guarantee of a maximum of 18 weeks before people are treated in hospital only because of our substantial investment in the national health service. If we had taken the advice of the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) when he was Leader of the Opposition, we would not have had that investment in the NHS.

Sir Menzies Campbell (North-East Fife) (LD): In a statement entitled "Building Britain's Future" is not the absence of any reference to defence policy and its financial implications for the British economy a significant omission? Do the Government not now accept that there is an overwhelming and urgent need for a full-scale defence review, to bring commitments and resources into balance?

The Prime Minister: We made a detailed statement on national security last week, when we looked at all the issues surrounding the future national security of this country. I agree with the right hon. and learned Gentleman that it is right to fund the great work that is done by our troops in Afghanistan and other areas around the world, and I agree that it is important that we show that we can fund them well into the future. So far as any future reviews of defence are concerned, it is important for us to remember that we have funded defence services for the next two years.

Ms Dari Taylor (Stockton, South) (Lab): I was delighted to hear my right hon. Friend announce that a new green energy Bill will be introduced in Parliament. I say that because Teesside is a national leader, and has the potential to become a global leader, in the production of green energy. How, therefore, will this Bill help Ensus, Sembcorp and other companies that are already producing green energy?

The Prime Minister: The proposed legislation in the next Session will help in two ways. First, the energy Bill will make possible new energy investments in our country. Secondly, the innovation fund that I have announced today will be available to companies specialising in low-carbon technologies, to enable them to invest for the future. Britain wants to be, and will be, a leading global player in low-carbon industries, and the innovation fund is one means by which we can help the companies my hon. Friend mentioned.

Mr. John Redwood (Wokingham) (Con): What public spending cuts has the right hon. Gentleman identified to meet the £1,500 million extra for housing?

The Prime Minister: We have reallocated money within both the Department for Communities and Local Government budget and other Departments' budgets to make possible the extra spending. That is why we are able to announce that more than 100,000 houses will be built in the next two years.

Barry Gardiner (Brent, North) (Lab): Does the Prime Minister agree that the statement today on increased housing will be welcomed by the lady who came to my surgery and informed me that she had been told when she went on to the housing list that she would not get a house because she had no children? That lady was recently told that she would no longer qualify for a house because her children had now left home, even though in the 20-year intervening period she had been unable to get accommodation. Does the Prime Minister therefore also agree that there must be a reprioritisation of housing need so that it is based on length of wait?

The Prime Minister: In the last 10 years, we have spent a huge amount on modernising and improving our housing stock. It is right that we spend more money now on building. That is why we have made these new announcements today that at least 100,000 more social houses and houses to buy will be built over the next two years.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Will the Prime Minister tell us whether any of the ragbag of measures he has announced today involve public expenditure additional to the plans he has already announced, which he will confirm mean that next year we were already set to spend through the public sector almost half the national income, and in some regions of the country 70 per cent. of GDP, which compares with just 60 per cent. of GDP spent by the state in Cuba? Is he proud of his record of almost "out-Castroing" Castro?

The Prime Minister: It is right to invest now to take this country out of recession; every other major economy in the world is doing so. Only the Conservative party in Britain seems to think that we should be cutting spending at this moment. The right hon. Gentleman did not mention jobs. He is a former Social Security Secretary, so he should understand that when people are unemployed and in need of help to get jobs, it is right that we make money available. That is why £5 billion has been allocated

from the pre-Budget report and the Budget to creating jobs for teenagers, creating jobs for the long-term unemployed who are under 25, and creating jobs for adults. That is money that was allocated in the Budget and is now being spent.

Jeremy Corbyn (Islington, North) (Lab): Does the Prime Minister accept that cancelling the Trident renewal programme would save a great deal of money, make the world a safer place and give us the moral authority to encourage wider nuclear demilitarisation all over the world?

The Prime Minister: We have a long-standing policy on Trident, which my hon. Friend disagrees with but which is the policy of the Government and has been voted on in the House of Commons. The most important thing to recognise is that we will work with other countries to secure multilateral disarmament. We have put forward proposals as we go forward to the renewal of the non-proliferation treaty, and we hope that other countries will join us in pushing for collective nuclear disarmament.

Sir George Young (North-West Hampshire) (Con): The Prime Minister has told the House that 45,000 extra jobs will be created in construction by the extra investment in housing. Should he not reduce from that figure the money that he has taken away from whichever Government Department was going to spend it before?

The Prime Minister: No, the main sources of money are underspends in Departments over the course of this year. It is absolutely right to reallocate that money so that we are in a position to spend money on housing and jobs. The £5 billion that we are spending on jobs as a whole was announced in the pre-Budget report and the Budget. We have made reallocations to get money into housing over the course of the next few months. That is the right thing to do—to start building now to ensure that there are more houses for people in this country.

Liz Blackman (Erewash) (Lab): One group of children crying out for more personalised education are those with high-functioning autism, who are often misunderstood. Crucial to their support would be better training for staff, classroom assistants and others. Will my right hon. Friend assure me that attention will be paid to that?

The Prime Minister: I admire the work that my hon. Friend has done in supporting those who are concerned about and trying to help those with autism. I met people who are experts in this issue only a few weeks ago to discuss what we as a Government can do and we hope to publish further proposals in due course.

Mr. Nicholas Soames (Mid-Sussex) (Con): I welcome the steps that the Prime Minister has taken on social housing, but does he agree that unless urgent steps are taken to curb immigration this policy will not even begin to deal with the problem?

The Prime Minister: We have introduced a points system to deal with some of the problems that have arisen in the past from immigration. The points system is now in operation and it is working. I ask the hon. Gentleman to look at the points system and to know that it is working well.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I, too, welcome the investment in social housing. Does my right hon. Friend realise that many areas of greatest housing need, where social rented housing is the only form of affordable housing, are the same areas in which Conservative councils are knocking down social housing and not building it? How can he ensure that the money that he has announced gets to those areas and is spent on houses?

The Prime Minister: My hon. Friend is absolutely right. The Homes and Communities Agency will have a great responsibility to ensure that houses are built quickly. Let us remember the alternative—a Conservative party that wants to cut spending now, cut spending next year and then cut most major spending Departments by 10 per cent. That will not be forgotten by the electorate.

Julia Goldsworthy (Falmouth and Camborne) (LD): What is the difference between a target and an entitlement?

The Prime Minister: We are moving from national targets, which have served us well in increasing standards in the national health service and in education, to individuals having personal entitlements they can enforce for the service at issue. The 18-week maximum wait for hospitals is now up and working. People can challenge a health authority if they do not feel that they are getting that entitlement for the future. The same will go for schools, giving parents more rights. Having invested in the health service and education, without which it would not be possible to raise standards, it is right that individuals now have more entitlements on which they can draw.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I welcome the Prime Minister's announcement of the £150 million innovation fund, which has the potential to lever in private sector funding that—as he hopes, and as we all hope—will generate a fund of about £1 billion. Does he have a time scale in which we will be able to achieve that?

The Prime Minister: The money is now available for the innovation fund to be set up immediately. Lord Drayson, who is in charge of it, has already been talking to businesses about how they might be able to draw on it. We are determined to move forward so that we are prepared for the growth that will happen in the world economy in the most innovative industries, which include not only low-carbon technology, but advanced manufacturing, pharmaceuticals and biotechnology. Those are some of the big areas from which future growth can come.

Mr. Andrew Mackay (Bracknell) (Con): Will there be a review of Government spending before the general election—yes or no?

The Prime Minister: I have already said that we carried out reviews of spending in 2004 and 2007, and this is a matter for the Chancellor.

Sir Stuart Bell (Middlesbrough) (Lab): The House clearly welcomes the Prime Minister's proposals to put £500 million into housing, thus making it £2.1 billion of additional investment in two years and resulting in the

[Sir Stuart Bell]

building of 110,000 homes and the creation of 45,000 jobs. How does that contrast with a policy of cutting investment in a recession and putting 500,000 on the dole queue?

The Prime Minister: There is a choice for this country to make. Last year, the Leader of the Opposition refused to support us when we had to nationalise Northern Rock, but most people now agree that it was the right thing to do. Last year, he refused to support us when we tried to help the unemployed, saying that he would make no further funds available, and he refused to make the money available to help home owners in distress. This year, he is making exactly the same mistake. At a time when we need to invest to create jobs, help people out of unemployment and create growth, the Opposition want to cut spending this year and next year—they even want to cut spending by 10 per cent. in future years. As I say, people will not forget that that is the policy of the Conservative policy, and it will mean huge job losses in teaching, in policing and even in our defence forces.

Peter Luff (Mid-Worcestershire) (Con): Whatever the merits or otherwise of the part-privatisation of the Royal Mail Group and the timing of any such part-privatisation, the Prime Minister was right to say that the relevant Bill deals with other important issues—the pension fund and regulation—but is he aware that something close to regulatory blight is being caused across the entire mail sector by the delay in proceeding with the Bill? Please will he confirm when it will be brought back to this place?

The Prime Minister: I do not accept the hon. Gentleman's first point. We are working with Royal Mail to ensure that it has a viable future. As he knows, the problem is that postal services in every country have been affected by changes in technology. Those changes affect not only the opportunity for jobs in the postal services industry, but the amount of income that is available. Some 450,000 are employed in postal services and we must take their needs into account, including in respect of pensions.

Tom Levitt (High Peak) (Lab): My right hon. Friend is right to say that the interface between the community and policing is where accountability needs to be improved. His correct approach complements what we did in the policing Bill to take the issue of elected authorities out. Will he go a stage further by examining how communities can have more influence on their local environments—on traffic management and other issues that affect those communities? He could thus empower communities, just as he wishes to empower individuals.

The Prime Minister: My hon. Friend is exactly right. The approach he suggests is a way in which we can move forward to give communities more control over their own affairs. He has been a long-standing campaigner for communities having more rights and being able to run their own facilities, and it is the Government's policy to advance that as much as possible.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): Will the Prime Minister give a specific answer to a question that he has pointedly refused to address so far: which of the financial proposals he has put forward today comprise new money and which involve recycled amounts?

The Prime Minister: I have said that all the jobs proposals come from money that was allocated in the Budget to jobs but not specifically identified for individual programmes. We have been working over the past month or two to consider how best we can help young people back into work. It was absolutely amazing that when the Leader of the Opposition talked about all the things that he wanted to talk about in his statement he barely mentioned the cause of the unemployed. We are taking action; they would do absolutely nothing.

Mr. Lindsay Hoyle (Chorley) (Lab): My right hon. Friend is aware that this is about being brave, doing the essentials and coming up with schemes such as those he has proposed. It is right to support people at the jobcentres and to say that retraining is very important, but surely we ought to be investing in people who are already in work. That could be done through a short-time working subsidy. Young people need employment and we should have a national jobs summit followed by regional jobs summits. That would bring all the players together—the major employers, the small employers, the unions and the CBI. That is what we have to do, because we have to start pushing forward. Please can we spend the section 106 money held in bank accounts across the country by local authorities, as that could create the housing that we need now?

The Prime Minister: My hon. Friend is right: we want to do more to help people who are worried about their jobs, as well as people who have lost their jobs. That is why we gave extra money to Corus last week to help the firm through difficult times. That is why, at the same time, we have introduced more places on Train to Gain, so that people who do short-time working can get help with training to ensure that they are ready with new skills for the upturn. The working tax credit is giving money to people on short-time working, so that they are kept out of poverty. We are taking whatever action we can to create jobs and to help people who are in jobs.

As for housing, my hon. Friend will see our announcements today, and they are expected to be a stimulus for the private sector also to invest more in housing.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I welcome the announcement today that local authorities will be able to keep council house receipts, for which the Prime Minister will know we have been campaigning for 10 years. Would he care to reflect on how much better the situation would be had this announcement been made 10 years ago?

The Prime Minister: As a result of the investment that we have put into housing, more than 1 million houses have been repaired and modernised. That was the right thing to do so that we could upgrade our existing housing stock and improve amenities for people. At the same time, it is right now to build, and that is why we have made the announcements today.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I welcome the statement today, but will my right hon. Friend say whether the Government are paying greater

attention to aligning some of the programmes? For example, contracts for affordable housing could require the use of more renewable energy sources and provide opportunities for training and apprenticeships for our young people and those out of work.

The Prime Minister: My hon. Friend is right. The announcement today about housing is for energy-efficient as well as affordable homes. Therefore, the guidelines that will be laid down will require low-carbon buildings that are better for our future. On apprenticeships and training, we now have a national apprenticeship service that can link young people who want apprenticeships to the firms that have them available. Previously, apprenticeships were very local and often depended on who the young person knew. Now, we can help to direct people to the career of their choice through the national apprenticeship service.

Dr. Julian Lewis (New Forest, East) (Con): In one of 46 press reports in the past two days that have trailed the contents of this statement, the *Financial Times* said:

"Some of the fine details have been held back"

from the press, following

"the new Speaker's demands for an end to pre-briefing of policy changes in the media."

Does the Prime Minister seriously believe that the new Speaker will be content with such marginal concessions?

The Prime Minister: Once again, when it comes to issues of policy, that is all that the Conservatives can talk about. This statement is about policy for the future of this country, and I came to this House to announce it.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): I represent a constituency in which high unemployment and low skills have gone hand in hand for generations, something that particularly affects the under-25s. In the 1970s, we had job creation projects, in the 1980s we had youth opportunity programmes and in the 1990s we had the new deal. What I would like to hear is what is qualitatively different about what the Prime Minister proposes today that will have the desired effect, especially on those young people without work.

The Prime Minister: First, it is investment in jobs of £5 billion in total, as a result of decisions that were made in the pre-Budget report and the Budget. Secondly, it is targeted to those areas and those people who need it most—100,000 jobs for young people, and 50,000 in areas of high unemployment. My hon. Friend will find that that will make a difference not only in his constituency, but in his region.

Bob Russell (Colchester) (LD): In the real world, on Friday, this Government shelved 180 major capital building programmes in the college sector, as the front page of today's *Colchester Gazette* reports. If the Prime Minister wants to be taken seriously about building for the future for Britain, will he reinstate those shelved building programmes so that our young people may have decent places to study and unemployed building workers can be put back to work?

The Prime Minister: In 1997, there was no investment taking place in further education. In the Budget, we announced £300 million extra investment for further education, and those allocations are being made now.

Rob Marris (Wolverhampton, South-West) (Lab): I welcome the innovation fund, which will be of particular importance to manufacturing, but may I correct my right hon. Friend? The Conservative party does have a policy on that sort of thing; their Front Benchers announced it on the Second Reading of the Finance Bill. It is to cut capital allowances by £3.7 billion a year, which would have a devastating effect on manufacturing. Will my right hon. Friend assure me that this Government will go nowhere near such a silly policy?

The Prime Minister: We increased capital allowances in the Budget to enable firms to invest in the future. We did so because we want the recovery to be based on large amounts of private investment in our economy. The innovation fund also moves that forward. I agree with my hon. Friend that this is not the right time to cut capital allowances.

Tony Baldry (Banbury) (Con): The Prime Minister confirmed that, on the Government's own figures, from 2011 public spending will grow only by less than 1 per cent. Does not that mean that whoever wins the next general election will have to make some very difficult decisions about public spending? Is it not time that we had a grown-up, adult debate in this place about how that can best be done, instead of the rather pathetic Punch-and-Judy politics that the Prime Minister has offered us this afternoon, which I do not believe—

Mr. Speaker: Order. I think that I got three questions there.

The Prime Minister: We are spending more in 2009-10; the Opposition would spend less. We are spending more in 2010-11; the Opposition would spend less. The Leader of the Opposition has already told us that he will always spend less than a Labour Government. That is the Conservatives' position; they should be honest enough to admit it.

Mr. Gordon Prentice (Pendle) (Lab): Will the new entitlements be enforceable by the courts?

The Prime Minister: We announced in the national health service constitution how we propose to guarantee the rights of people to health care. The entitlements that we are bringing forward will be enforceable by people in relation to the authorities, but I do not envisage the need to take court action.

Mr. David Gauke (South-West Hertfordshire) (Con): Given the excuses that we have heard for the delay to the comprehensive spending review, and the outrage from the Prime Minister on cuts, does he still stand behind the projections in the Red Book for total spending up to 2013-14?

The Prime Minister: We have announced spending for 2009-10 and 2010-11 in detail. The Conservative party has announced that it would cut spending in both years substantially. As far as 2011-12 is concerned, we have set down our estimates, but of course we are not going to make detailed announcements, irrespective of the knowledge, about growth, about employment, about interest rates, and about inflation in those years. We will do so when it is the right time.

Clive Efford (Eltham) (Lab): My right hon. Friend's announcement about extra money for housing is welcome, and will bring hope to young families in my constituency who are looking to set up home, but it would be without any value whatever if their tenancies were not secure. Will my right hon. Friend give a guarantee that a Labour Government would never consider taking away secure tenancies, as has been proposed in many policy documents published by the Conservatives?

The Prime Minister: I am aware that the Conservative party may be thinking of removing some of the securities that exist for people in tenancies. I would caution it against making long-standing tenants lose rights.

Mr. Philip Hollobone (Kettering) (Con): Which part of the Prime Minister's statement will help Britain to avoid the national humiliation of losing its triple A sovereign debt rating?

The Prime Minister: I would caution the hon. Gentleman against making such statements. We have taken the right decisions to take Britain through a very difficult recession. I repeat that if we had taken the advice of the Leader of the Opposition, thousands more would be unemployed, banks would have gone under, we would not have a proper regulatory system such as the one we are introducing for the financial services, and many people would have had their homes repossessed and would have lost their mortgages. I believe that we are taking the right decisions, and I believe that there is an understanding around the world that we have taken the right decisions.

Andrew Miller (Ellesmere Port and Neston) (Lab): The high-tech opportunities that my right hon. Friend listed are undoubtedly the building blocks for the future, but it is vital that the nation is in a strong position to exploit that. Will he ensure—as part of the digital Bill, for example—that money is set aside for proper training, whether through small business opportunities or for individual citizens? The country has to be in a strong position to exploit the technology to the best advantage.

The Prime Minister: In the new technologies that are available around the world, Britain has outstanding leadership—in low-carbon industries, in high technology, in many of the creative industries, in biotechnology, and of course in education itself. We want to give people the chance to have long-term jobs in those industries and services, which is why it is important that the training packages that we are putting on offer are individually tailored to making advances in those sectors for the future. We will continue to promote Train to Gain and other programmes that give people entitlement to get the skills that they need.

Mr. Andrew Robathan (Blaby) (Con): Sadly, this Parliament is now discredited, tarnished and worn out. The Government are unpopular, wholly discredited and filled with third and fourth choices. Does the Prime Minister not appreciate that far from hearing this wholly incredible package about building Britain's future, the people of this country want to have their say on the future, and they want a general election now?

The Prime Minister: I should have thought that some humility from the Opposition Benches was in order. The problems that have happened in this Parliament have happened because of actions in all parties, and people must have the humility to admit that we have to clean up Parliament and do it together. I hesitate to follow the hon. Gentleman's advice and suggest that the problems relating to expenses are on only one side of the House.

David Taylor (North-West Leicestershire) (Lab/Co-op): The House will welcome the guarantee of training places to 16 and 17-year-olds where they need them, and of skills training to adults who have been unemployed for six months or more. How certain is the Prime Minister that the skills and training sector has the capacity to deliver on these objectives, when there is a cloud of financial uncertainty hanging over excellent projects such as learndirect and Train to Gain in constituencies such as mine, which have benefited from those projects over the years by being in the lowest quartile of all parliamentary constituencies for unemployment, but are now seeing unemployment start to rise in a very worrying fashion?

The Prime Minister: I cannot comment on issues that the hon. Gentleman raises from his constituency, but the number of people using Train to Gain has risen from 300,000 to 500,000, and the latest projection is more than 800,000. That shows that the service is welcomed by employers and used by employees. My hon. Friend is right that the way to ensure that there is capacity for people to get their training needs met and for jobs to be created is to provide the finance that is necessary. I accept that that is a dividing line between the two parties. We are prepared to put £5 billion into investing in a jobs and training programme for the future. The Opposition would cut the money, not increase it.

Bob Spink (Castle Point) (Ind): After precisely 60 minutes of debate on the subject, I do not believe I have heard the word "pensioners" even once. We know that the Prime Minister has done much for pensioners in the past, so let us not forget them now. What will he do to increase the take-up of pension credit and to bring forward the indexation of pensions with average earnings, which is a much welcomed Government initiative?

The Prime Minister: I am glad the hon. Gentleman recognises that we brought in the winter allowance, free television licences for the over-75s, and the pension credit. In our document today we talk about the additional needs that pensioners, particularly very elderly people, will have in the future, and I mentioned it in my statement—that is, the need for social care. We will address the matter with a statement to the House in due course.

Gregory Barker (Bexhill and Battle) (Con): In his statement the Prime Minister told us that he would be attempting to fix the financial and

"regulatory weaknesses that led to the crisis".

Can he tell us who created that weak financial system, and who presided over it for 12 years?

The Prime Minister: I have explained on many occasions that what we are dealing with is a global financial crisis, where international regulation should have been introduced.

To be honest, we, the British Government, were pressing other countries for many years to do so, and it was not done.

Mr. Cameron *indicated dissent.*

The Prime Minister: The Leader of the Conservative party again laughs and tries to sneer at what I am saying. He was advocating deregulation right up to the crisis, and presumably, if he ever got into power, deregulation of the financial sector would be his policy.

Mr. Speaker: I am delighted that everybody was able to get in. It shows what a bit of self-discipline can do.

Points of Order

4.33 pm

Mr. Andrew Robathan (Blaby) (Con): On a point of order, Mr. Speaker. Notwithstanding the need for robust debate, is it in order for the Prime Minister to put words into Members' mouths, when I had failed to suggest, because it is not true, that one side was particularly culpable of the offences scandal?

Mr. Speaker: I think the hon. Gentleman might be seeking to lure me into a continuation of the debate. He is not an unduly sensitive flower, and I am sure he will rest content with the proceedings as they have taken place.

Mr. Greg Hands (Hammersmith and Fulham) (Con): On a point of order, Mr. Speaker. May I raise with you a serious issue, of which I have given prior notification both to you and to the Member concerned? Last week, without informing me, the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) organised an open meeting in my constituency for residents of two of my constituency estates, entitled "Hands off our homes". The invitation was signed "Andy Slaughter MP" and it declared a number of falsehoods in relation to alleged plans "to demolish the estates and force everyone to move", which is wholly untrue. This is an outrageous interference in another Member's constituency, and I would be grateful for clarification on how we are to uphold the conventions and courtesies of the House.

Mr. Speaker: I am grateful to the hon. Gentleman for giving me advance notice of his point of order. Right hon. and hon. Members should respect the existing boundaries of each other's constituencies; they should not venture into neighbouring constituencies in anticipation of future boundary changes—but which boundary changes have not taken place—without prior notification of the hon. Member concerned. The hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) is in his place, and I feel sure that he has noted what has been said.

Mr. Nicholas Soames (Mid-Sussex) (Con): On a point of order, Mr. Speaker. May I raise with you a point of order that I raised on several occasions with your predecessor, relating to the increasingly casual speed at which Departments fail to answer parliamentary questions and correspondence? Will you agree that, when it comes to the courtesies of the House, there is no more important courtesy than answering questions of hon. Members from all parts of the House? May I ask you if you would make clear your view—if, indeed, it is the case—that parliamentary answers to correspondence and questions should be prompt and sent on the due date to Members?

Mr. Speaker: I am grateful to the hon. Gentleman for his point of order, and I can tell the House that I agree with what has just been said. Timely replies to parliamentary questions are of the utmost importance, and, if the hon. Gentleman attends to future proceedings of this House and to public debate, as I feel sure he will, he may discover that there will be further news on that matter ereIong.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): Further to the point of order made by the hon. Member for Hammersmith and Fulham (Mr. Hands), Mr. Speaker. For the record, I asked him to tell me when he would make his point of order and the details of it, but he refused. I am quite happy to deal with the points that he has raised and to deal with them with you, Mr. Speaker. However, that point of order is a trick that the hon. Gentleman tried repeatedly and regularly with the previous Speaker until he became bored with the issue. Those matters, which the hon. Gentleman deals with in his capacity as campaigner for the candidate in Hammersmith and Fulham, a constituency that the hon. Gentleman has abandoned, should be left to his other job outside the House, not to the job that he does here.

Mr. Speaker: I have heard what the hon. Gentleman has said. However, the point that he has made is really not a point of order but a continuation of the debate, into which I know he would not seek in any way to entice me. The hon. Gentleman has placed his views firmly on the record.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): On a point of order, Mr. Speaker. When you were elected to the Chair, the whole House welcomed your affirmation that, in the event of Ministers leaking statements beforehand, you would not—if I may put words into your mouth—let the matter rest there. In addition to the leaking of the statement that we have just heard by the Prime Minister, we have had four days' continuous leaks by the Minister for Children, Schools and whatever it is—Families and Schools—about a change in education policy on literacy and numeracy. Will you not let the matter rest there but ensure that the Minister is reprimanded for not giving a statement at all to the House—even though for four days he has been briefing the press?

Mr. Speaker: Some of the matters to which the right hon. Gentleman has referred have been of long-standing political debate. I have made my view on that matter and my future expectation extremely clear. I think it is fair, however, to say to the right hon. Gentleman and to the House that it would be unwise to prejudge whether the details of a statement have been leaked until such statement has been made to the House.

Parliamentary Standards Bill

[Relevant Documents: Memorandum from the Audit Committees on the Parliamentary Standards Bill; Written evidence received by the Justice Committee on Constitutional Reform and Renewal, HC 791-i.]

Second Reading

4.38 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I beg to move, That the Bill be now read a Second time.

As the House will be aware, this Bill has been presented by my right hon. and learned Friend the Leader of the House. She greatly regrets that she cannot be present either this afternoon in this Second Reading debate or in tomorrow's proceedings. She is attending the memorial service and then the funeral of Sir Henry Hodge, the husband of our right hon. Friend the Member for Barking (Margaret Hodge), who tragically died 11 days ago. I am sure that the House will accept my right hon. and learned Friend's apologies in those circumstances.

As every Member can personally testify, the expenses scandal has profoundly affected the public's trust in us as individuals and in the House as the heart of our democracy. In almost equal measure, it has seriously damaged our confidence in ourselves. Many actions to right the situation and begin to restore trust have had to be taken. Some of the alleged abuses of the system have been so serious that careers have been prematurely terminated. There are police investigations.

But above and beyond any serious individual failings, the reputation of the House as a whole, and of Members whose conduct has been beyond reproach, has been undermined. This terrible saga has, in turn, revealed a collective failure by this place effectively to regulate itself and to put in place systems that would have highlighted abuses before they started—rules and practices that, once the harsh spotlight was shone on them, withstood, rather than crumbled, in the face of public scrutiny.

Mr. Nicholas Soames (Mid-Sussex) (Con): Does the right hon. Gentleman nevertheless agree that it is extremely important not to confuse constitutional change with the urgent reforms that need to be brought in to deal with the abuse of expenses, allowances and other matters? They are not the same thing.

Mr. Straw: Of course I agree. As I shall explain to the House, all the way through the series of negotiations, I have been very alive to the need to focus on the immediate problem—that of parliamentary expenses—and to ensure that, as I shall make clear, I am open to suggestions in respect of other matters. Of course it would be inappropriate to introduce wider constitutional reforms in an emergency way, and I hope that we are not proposing to do so.

Mr. Frank Field (Birkenhead) (Lab): Clearly, we will debate the extent to which fundamental changes are entailed by the Bill as well as deal with how parliamentary allowances are paid. Given that some of us believe that the Bill will change the balance of the House and how the House functions, will my right hon. Friend tell us how much time the Cabinet spent discussing the proposals before they were presented to us as a Bill?

Mr. Straw: Actually, the Cabinet spent a long time discussing the proposals, as did Cabinet Committees. The greatest amount of time—appropriately, because we are trying to act by consensus—was spent in formal and informal cross-party discussions. There were four separate cross-party discussion sessions, as well as these three days' debate on the Floor of the House.

Sir Patrick Cormack (South Staffordshire) (Con) *rose—*

Mr. Edward Garnier (Harborough) (Con) *rose—*

Mr. Straw: I shall give way in due course, but I ask both Members to allow me to make a little progress before I come to them.

If we go through the record of this place over the past century and a half, we find an increasing preoccupation to introduce external regulation over one area of social and economic activity after another. From interventions that insisted on clean water or safety systems in the mines or in factories, to increasingly tight external regulation of finance, business and professions, this House and Parliament has been unrelenting in its view that, however well meaning the individuals and venerable the institution, self-regulation is rarely, if ever, enough. The painful lesson of the past six weeks is that our prescription for others must now be applied to ourselves.

Three weeks ago, my right hon. Friend the Prime Minister announced to the House the

"immediate creation of a new Parliamentary Standards Authority".

It would take over responsibility for setting and administering the allowance system and apply

"firm and appropriate sanctions in cases of financial irregularity."

The Leader of the Opposition said that the Opposition would back the establishment of the authority, but added—and he was right to do so—that

"there are still serious questions to be answered, not least about how it will relate to the House and to whom it will be ultimately accountable."—[*Official Report*, 10 June 2009; Vol. 493, c. 796-799.]

Mr. Richard Shepherd (Aldridge-Brownhills) (Con) *rose—*

Mr. Hugo Swire (East Devon) (Con) *rose—*

Mr. Straw: I shall come back to both hon. Gentlemen in a second.

To answer those and many other questions, the Leader of the House and I have engaged in intensive cross-party discussions over the past three weeks, as I have said. All recognised parties in both Houses have been represented, as have the Cross-Bench peers, the Chairman of the Standards and Privileges Committee and the Clerks department. I should like to record my thanks to all those who were involved. The discussions were not a substitute for, but a complement to, a proper examination of the Bill here and in the other place. The fact that the Bill before the House is different and, in my judgment, better than in its earlier drafts is testament to the willingness of everyone in the group to put aside partisan interests. However, I am the first to admit, as I will make clear, that this process of improving the Bill will continue over these next three days.

Sir Patrick Cormack: The Secretary of State may remember that on 18 June, only 11 days ago, I asked the Leader of the House—the reasons for whose absence we obviously fully recognise and accept—to

"confirm that, while the Parliamentary Standards Authority will deal with the financial matters about which she talked—we all accept that—it will not become an appointed quango with jurisdiction over Members of Parliament".

She replied:

"I think the answer to that is yes."—[*Official Report*, 18 June 2009; Vol. 494, c. 424.]

She then went on to amplify her reply. However, the Bill before us shows that that is not the case.

Mr. Straw: If the hon. Gentleman can hold his breath for a little while until we get to clause 6, I will give him comfort on that point.

Mr. Garnier: Following on from the point made by my hon. Friend the Member for Mid-Sussex (Mr. Soames), of course there is a need to tighten up our rules and procedures in relation to expenses and allowances, but I am worried that the clauses dealing with offences create new offences that in fact already exist. For example, the offence in clause 9(1) is already an offence under the Fraud Act 2006, which itself brought up to date the offence in the Theft Act 1968 of obtaining a pecuniary advantage by deception. Why do we need to keep on increasing the number of laws when there are already laws that deal specifically with this sort of criminal behaviour?

Mr. Swire *rose—*

Mr. Straw: I will give way to the hon. Gentleman, but before he jumps up he must allow me to answer the question put by his hon. and learned Friend.

The hon. and learned Gentleman is not as well informed as he usually is. There is a difference between what is in section 2 of the Fraud Act and what is in this provision, not least in that in the Act one of the components of fraud is dishonesty, while in the Bill it is knowingly making a false statement. I will deal with these offences when we get to clause 9.

Mr. Dominic Grieve (Beaconsfield) (Con): I welcome the Secretary of State's remarks about the scrutiny conducted in this House acting as an opportunity for people to listen carefully to the issues, and indeed to change their minds on them. I say that because just a short time ago I had to run over to the studios of a media broadcaster because it appeared to have been put out by the No. 10 press office that the amendments that had been tabled—many of them are probing amendments to allow this House to consider some of the issues—represented the stated position of the Opposition. I am sure that the right hon. Gentleman will join me in understanding how the procedures of this House should work properly, and I hope that he appreciates the need to table amendments so that we can concentrate on particular issues in Committee.

Mr. Straw: I genuinely have no idea of what is being briefed by others. However, I raised an eyebrow when I saw the amendments tabled by the Opposition in respect of clause 9 on offences, because I happen to think that ours is a sensible way to proceed, and people have to be careful. I spent 18 years in opposition, and the Government of the day showed me no mercy in this respect. I had to accept that the natural consequences of amendments that I tabled was that the words meant what they said, so that the proposed knocking out of an offence would be taken to be the policy of the Opposition.

Mr. Swire: Some clauses in the Bill profoundly alter the relationship between Members of Parliament and the electorate, not least clauses 6 and 10, which I hope that the Government will look at again. Equally, there are clauses that could and should apply to parliamentarians as a whole. Given that it is called the Parliamentary Standards Bill, is it envisaged that some of these clauses will apply to the other place as well?

Mr. Straw: As my right hon. Friend the Prime Minister made clear on 10 June, it is envisaged that in due course the arrangements relating to the Independent Parliamentary Standards Authority should indeed apply to the other place; that is why we sought to create an authority that covers both Houses. I hope that that matter will be dealt with in subsequent legislation. At the moment, however, the specific parts of the Bill cover only this House.

Mr. Andrew Dismore (Hendon) (Lab): Will my right hon. Friend give way?

Mr. Straw: I shall give way one more time, and then I will make some progress.

Mr. Dismore: I am grateful to my right hon. Friend. As he knows, I have tabled a couple of amendments, because I am concerned to ensure that parliamentarians have the right of natural justice in how investigations are conducted, and indeed the right of appeal. That is a long-standing right, which ought to be provided for if we are moving responsibility for the matter into the outside world. I have not had the opportunity to discuss the amendments with him, but does he agree that parliamentarians are entitled to the same benefit of natural justice as anybody in the outside world?

Mr. Straw: Of course I agree with that. Although we may not have got the provisions exactly right, I think that we are pretty nearly there in that respect. I will listen carefully to my hon. Friend's points about the amendments, which I have already studied.

The fundamental purpose of the Bill is to replace the self-regulation of expenses, allowances and financial interests with external statutory regulation. The Bill will therefore establish the Independent Parliamentary Standards Authority and a separate Commissioner for Parliamentary Investigations. Those provisions are in clause 1 and the schedules. Clause 6, to which I shall return, provides that the House is to continue to have a code of conduct. Clauses 7 and 8 set out provisions for investigations and enforcement, clause 9 prescribes three offences and clause 10 is intended to ensure that the system of external regulation can be operated effectively without falling foul of article 9 of the Bill of Rights on the privilege of this Parliament. I shall return to that point.

Of course, I recognise that the Clerk and distinguished right hon. and hon. Members have raised serious concerns, particularly about clauses 6 and 10, which will have an impact on the privilege of Parliament. I have already explained how I intend to approach the debates about that. I will make specific comments about those clauses later, but I wish first to make three general points to set the context.

First, this House has long acknowledged that in principle, external non-statutory regulation of aspects of the House's business and the conduct of its Members may be insufficient, so the House of Commons Commission is established in statute. Freedom of information is a good example of what can happen. The Government's original proposal was that Parliament should be excluded from the operation of the Freedom of Information Act 2000. Parliament, and specifically the Public Administration Committee in a 1998 report, said that such an exclusion

"may well convey the wrong impression to the general public, given the purpose of this legislation...we recommend that the Government re-examine the exclusion of Parliament in the light of"

a report that had been produced by the Joint Committee on Parliamentary Privilege. In the light of that pressure, which would have been impossible to resist, although I did not wish to, the Government accepted that recommendation. Famously, we are now subject to FOI legislation.

Secondly, once it is agreed that there should be independent, external regulation of our allowances and much else, certain consequences follow as night follows day. Such regulation will be in statute, and interpreting statute is a fundamental purpose of our courts. There is nothing frightening or unacceptable about what then follows, which is that courts may judicially review the way in which statutory bodies, among others, operate. They will do so against long-established principles. Contrary to popular belief, the courts are slow to substitute their substantive judgments for the judgments of the relevant authority. Instead, they are there as a check against unfair process or wanton irrationality.

Thirdly, and again contrary to myth, judicial review is in no sense a challenge to the sovereignty of Parliament. The Bill will put the regulation of allowances, financial interests and the code of conduct on a statutory footing. It will not affect the balance in our constitution between Parliament and the courts, as I shall explain in more detail later. We can expect the courts to continue to acknowledge the fundamental constitutional doctrine of the separation of powers in any proceedings that arise from the procedures in the Bill. Also, what Parliament does, Parliament can undo. That is a fundamental and very unusual feature of our system.

Mr. David Heathcoat-Amory (Wells) (Con): The right hon. Gentleman is now at least conceding that the Bill will affect parliamentary rights and privilege. Will he therefore correct, in her absence, the statement of the Leader of the House last Thursday? Referring to the Bill, she said that

"the question of parliamentary privilege is not an issue in that Bill, so that is not a question that hon. Members need to concern themselves with."—[*Official Report*, 25 June 2009; Vol. 494, c. 930.]

Will he take the opportunity to correct that statement, which was clearly wrong? This is a constitutional Bill, and it is outrageous that it is being treated like an emergency Bill.

Mr. Straw: I do not accept that. The process was continuing when my right hon. and learned Friend the Leader of the House spoke about the matter, and her comments were therefore accurate at the time and, as I shall explain, will be accurate in future. There is a separate issue about clause 10, and my view is that it must make some provision, even if not in the current wording, for adducing in court proceedings evidence

that arises in the House or in parliamentary proceedings. There is nothing unusual in that—indeed, the House has accepted that for the draft bribery Bill.

Mr. Grieve: Of course, I appreciate the Secretary of State's points. Indeed, perhaps the goalposts must be moved in the case of parliamentary privilege, which is little understood outside the House. However, is it not right that the system of enforcement—even specifically for the allowances aspect, which will go to the Independent Parliamentary Standards Authority—gives rise to the possibility of any conflict between IPSA and the Standards and Privileges Committee being judicially reviewable? That is how I read several clauses, particularly clause 8(6). The Bill also provides that IPSA can make specific recommendations to the Standards and Privileges Committee about the disciplinary powers that the latter should exercise. It would be helpful if, either now or in Committee, we could have some clarity about those important issues.

Mr. Straw: I am happy to follow up that specific point in Committee, but I say to the whole House that—yes—we need to act with great care so as not to affect parliamentary privilege unnecessarily or gratuitously. Privilege is not for the benefit of individual Members but to preserve—

Mr. Grieve: Freedom.

Mr. Straw: The hon. and learned Gentleman says, "freedom." It is there to protect freedom, and above all, the rights of our constituents as represented by us. I understand that. However, we must also recognise that we collectively failed properly to regulate expenses. We must put that right and do it quickly and collaboratively.

Several hon. Members *rose—*

Mr. Straw: I am sorry, but I will not give way.

Putting matters right means a statute and external regulation, and the courts will be able to interpret the powers and duties of that regulating authority. I am also anxious to ensure, so far as is humanly possible, that the courts do not embroil themselves gratuitously in the affairs of the House.

Several hon. Members *rose—*

Mr. Straw: I want to make some progress. Later, if there is time, I may allow hon. Members to intervene.

I have already said that clause 1 sets up the Independent Parliamentary Standards Authority. Schedule 1 supplements that and provides for its membership, administration and funding. It will have four members and a chair. One of the five members will have held high judicial office; one must be qualified as an auditor for the National Audit Office and one must have been—but be no longer—a Member of the Commons. Schedule 1 provides that selection will be on merit and through fair and open competition, with a process similar to that which has worked very satisfactorily to ensure that high quality people have been appointed to the Electoral Commission—that is, with a Speaker's panel and Speaker's committee.

Paragraph 5 of schedule 1 further enhances IPSA's independence. It provides that members can be dismissed only in response to an address from both Houses of Parliament. We accord senior members of the judiciary the same protection. Members of IPSA will be able to serve for only five years, with a possibility of being reappointed for up to three years.

Mr. Denis MacShane (Rotherham) (Lab): Will my right hon. Friend assure the House that members of the new "Guardian Council" for Members of Parliament will be paid only the same as hon. Members?

Mr. Straw: I cannot make that commitment—*[Interruption.]* The House knows very well the reason for that. That does not apply to other appointments, which the House has to approve, including that of the Information Commissioner and the chair of the Electoral Commission.

Mr. Swire: Will the Justice Secretary give way?

Mr. Straw: No.

The provisions on the Commissioner for Parliamentary Investigations are set out in schedule 2. Schedule 2 makes provision for the appointment of the commissioner and for his or her terms, resignation or removal from office, remuneration, status and annual reporting, which is similar to the provision made for members of IPSA in schedule 1. Schedules 1 and 2 extend the Freedom of Information Act to cover IPSA and the commissioner respectively, and I have referred several times to the Speaker's committee for the IPSA, which the Bill will establish.

Mr. Swire: Will the Justice Secretary give way?

Mr. Straw: I have already given way to the hon. Gentleman.

Clause 2 provides that IPSA is to take over responsibility for paying the salaries of Members, in accordance with the relevant resolutions of the House. It is no part of the scheme—this might be for a future amendment to the Bill—that IPSA should have a role in setting salary levels, which are currently secured by recommendations from the Senior Salaries Review Body and a resolution of this House.

Sir Peter Tapsell (Louth and Horncastle) (Con): Why is it appropriate to go through this great constitutional rigmarole in advance of the recommendations of Sir Christopher Kelly's committee, which is bound to cover all the same ground? The Prime Minister has said, I think unwisely, that we are going to accept in full all that committee's recommendations, which are bound to cut across some of the proposals in the Bill, which means that we will have to go through the whole thing again.

Mr. Straw: I do not accept that—

Sir Peter Tapsell: Why not?

Mr. Straw: I will explain why not to the hon. Gentleman. He asked me a question and I would now like to answer it, if I may. Sir Christopher Kelly and his committee will come forward with proposals for the scheme of allowances, which will come before this House. As far as I know, all the party leaders have indicated that unless those proposals are in the realm of complete irrationality, which I do

[Mr. Straw]

not anticipate, they will be accepted in full, and so they should be. However, that is about the content of the scheme. The Bill is about the operation of the scheme, which includes, for example, who runs the Fees Office, who adjudicates in respect of the scheme and so on. Our plan—we can go into this in more detail in Committee tomorrow and on Wednesday—is that in the early autumn Sir Christopher Kelly will make his recommendations, which will be subject to approval by this House. Those recommendations will be the platform for the scheme that the new authority will operate. With luck, they could all come into force by 1 January next year if we have the authority in place, so the two will work in parallel and then merge together.

Sir George Young (North-West Hampshire) (Con): Does the Secretary of State not risk retrospectively restricting the Kelly committee's terms of reference by defining them in the very narrow way in which he has just done?

Mr. Straw: I do not think so, and—*[Interruption.]* I really do not. Let me just say to the right hon. Gentleman that, as far as I am aware, just three weeks ago all the party leaders and the parties accepted the principle of the new authority. In the intervening three weeks, we have sought to go into detail in a collaborative way with the Opposition and the other parties, which have been very co-operative indeed, to ensure an agreed framework that can stand the test of time, and I think that it does. However, as I have indicated, I am happy to see whether we can improve upon it.

Mr. Swire *rose—*

Mr. Andrew Tyrie (Chichester) (Con) *rose—*

Mr. Straw: I shall give way to the hon. Gentleman and then make some more progress.

Mr. Tyrie: Did the Secretary of State consult Sir Christopher Kelly about the Bill and is he happy with it?

Mr. Straw: I have discussed the matter with Sir Christopher Kelly, and I am certainly not going to say what his response was, any more than anybody else would quote a private conversation, whether it was complimentary or otherwise.

Dr. Tony Wright (Cannock Chase) (Lab): I was giving evidence to the Kelly committee but an hour or two ago, and I have to say that its members were very interested in the scheme and wanted to explore it in detail. They were particularly interested in the extent to which there was perhaps some confusion about the administration of the system and the regulation of it. Is there not a case, therefore, for taking a little more time, to ensure that we all get it right at the end of the day?

Mr. Straw: I was not present, but I am afraid I do not accept the burden of what my hon. Friend is saying. Sir Christopher Kelly and his committee, the Committee on Standards in Public Life, are doing an important job of work. However, that is a one-off study into the future allowances system. This new body will, once and for all, on a permanent basis, ensure that the administration and supervision of what we call the Fees Office are separated, so that never again will staff in the Fees Office feel under the kind of pressure that they evidently have done, as some of us have now discovered, to bend or manipulate the rules. That has been very unfair to them, and I pay tribute to the overwhelming majority of staff in the Fees Office who have been trying to do the best job that they could in incredibly difficult circumstances. That is quite a separate issue from the recommendations about the kind of scheme that is needed, however. For the future, we need a process that is separate from this House—and separate from the Government, I suggest—for periodically setting the scheme of arrangements for allowances as well as administering them. That is what the new authority will do.

Mr. Frank Field: Will the Secretary of State give way?

Mr. Straw: No, I intend to make some progress first, then I will come back to this matter.

Clause 3 provides that IPSA will be responsible for drawing up and administering a new allowances scheme and that the scheme should be reviewed on a regular basis. I have already indicated that that does not in any way pre-empt the work of the Kelly committee. Clause 4 sets out the taking over of responsibility for authorising and making payments under the allowances scheme.

Clauses 5 and 6 share the title "MPs' financial interests and code of conduct".

Mr. John Redwood (Wokingham) (Con): Will the Secretary of State give way?

Mr. Straw: No, I want to make some progress.

Clause 5 places a duty on IPSA to prepare rules relating to Members' financial interests. How it does so is also set out in the clause. No such rules can come into force unless approved by a resolution of this House. Clause 6 goes wider than this, and says that the House is to continue to have a code of conduct incorporating the seven Nolan principles on conduct in public life, and any other matters determined by the House.

The starting point for any code of financial rules developed by IPSA will, necessarily, be the existing code of conduct of the House, which was most recently revised and published last Monday 22 June. It runs to 52 pages. As many Members may not have had reason to examine the code in detail before the expenses scandal broke, they might have assumed what was on the tin marked "Code of Conduct" was in the tin, in respect of all 52 pages. But if one examines the document, one finds that the code of conduct itself is couched in very general terms at the beginning of the document. It covers just three and a bit pages in all, of which one page is a recital of the Nolan principles. In contrast, the rules relating to the financial conduct of Members, and the guidance on those rules, run to 33 pages plus appendices, and almost all those rules and guidance concern Members' financial interests and conduct thereto.

We have been clear that, if the new independent authority is to have teeth and achieve the public confidence so urgently needed, it must, among other things, be able to propose the rules on Members' conduct in the areas related to its functions. That means that it will take over

responsibility for the whole of the guide relating to the conduct of Members, although, as the Bill makes clear, the content of any clause 5 rules will be subject to approval by the House. Some amendments have been tabled to clause 5, and they will be discussed tomorrow, but none is in any way fatal to it, and I believe that the clause generally carries the approval of the House.

Sir Alan Beith (Berwick-upon-Tweed) (LD): This is one of the most difficult parts of the Bill. Does the Secretary of State recognise that, if the code of conduct were to become justiciable, that would constitute a questioning of proceedings in the House? The House has already shown that it is capable of producing a code of conduct, and Members can discuss with any outside body the improvements that should be made to it. It is therefore unnecessary to include this provision in the Bill in this way.

Mr. Straw: The—*[Interruption.]* Hold your breath! All those involved in the cross-party talks will confirm that my right hon. and learned Friend the Leader of the House of Commons and I worked hard to achieve consensus, sometimes revisiting draft clauses in the meetings to make them more acceptable. It was a genuinely collaborative process, and I am glad that the hon. and learned Member for Beaconsfield (Mr. Grieve) acknowledges that.

The original draft of clause 4 combined the scope of the current clauses 5 and 6. That clause was regarded as too wide. So to answer the points raised, the redrafted clauses 5 and 6—which are now in the Bill—were brought forward and, though time was pressing, raised little objection in the cross-party talks. That said, I always made it clear that everyone involved in the cross-party talks was entitled to further reflection on the Bill and its contents. The result of that further reflection is that considerable concern has been expressed by the learned Clerk of the House about the possible impact of clause 6, and two distinguished senior Members, the Chairman of the Standards and Privileges Committee, the right hon. Member for North-West Hampshire (Sir George Young), and my hon. Friend the Member for Middlesbrough (Sir Stuart Bell), have jointly tabled an amendment to delete clause 6.

I supported clause 6 because I believed—and still do—that it provides belt-and-braces reassurance to the public that we will continue to have a code of conduct covering the issues, which are not many, that are not covered by the financial rules. It is fair to say that I am more sanguine than others about the effect of clause 6 and its interpretation by the courts. My officials, on advice from first parliamentary counsel, are providing a memorandum on the matter for the benefit of the Justice Committee. That said, the Clerk is the adviser to the House on matters of privilege, and much else, not me. This is emergency legislation, on which all parties are committed in principle to a speedy passage.

Clause 6 is not essential to the Bill, so in the interests of consensus I will accept the amendment tabled by the right hon. Member for North-West Hampshire and my hon. Friend the Member for Middlesbrough, and I will not move clause 6 when we reach that part of the Bill. There will be some consequential amendments to clause 5 and elsewhere in the Bill—*[Interruption.]* Well, there are bound to be. The issue is not whether the relevant sections of the code of conduct are covered by the scheme of the Bill, but how. I hope that what I have said has the approbation of the House, in the spirit in which we have approached the Bill from the start.

Mr. Redwood: I am grateful for that excellent concession. On the registration of interests, given that the Members who have the most time-consuming second jobs are Ministers, why are they exempted from the registration requirement? Will he tell the House how many hours he spent last week on his second job? *[Interruption.]*

Mr. Straw: I am Lord High Chancellor as well, which function I was undertaking this morning—*[Interruption.]*. I am answering, in detail—last Monday I had my tricorn hat on as well. It will bring tears to the eyes of Members of the House to learn that I am entitled to a whopping salary as Lord High Chancellor of Great Britain, and a whopping pension, but I have forgone both.

Sir Patrick Cormack: Will the right hon. Gentleman give way?

Mr. MacShane: Will my right hon. Friend give way?

Mr. Straw: I give way to the hon. Gentleman .

Sir Patrick Cormack: I am very grateful. The right hon. Gentleman's concession, which we all accept and are delighted to hear about, illustrates as nothing else could how silly it is to legislate on constitutional matters in haste. This is a constitutional Dangerous Dogs Bill. He should take it away and take a little time, and then come back.

Mr. Straw: I know that this will be unpersuasive to the hon. Gentleman, but that is not the position of his leader, as I heard what he said on 10 June, or that of the other parties. There is a difference between legislating with some speed, which we are doing, and legislating in haste. As for the famous Dangerous Dogs Act 1991, notwithstanding the mythology about it, I note that it is still on the statute book unamended.

Mr. Bernard Jenkin (North Essex) (Con): I am grateful for the Secretary of State's concession. Contrary to what he suggested earlier, the question at the heart of the Bill is not the sovereignty of the House of Commons, but the exclusive cognisance of certain matters that for 300 years have been the exclusive competence of the House. The clause that really causes offence is clause 10, which the learned Clerk refers to as having a chilling effect on freedom of speech in the House. Until the right hon. Gentleman withdraws that clause, I will not be hopping around like a sand boy.

Mr. Straw: Let me make some more progress.

Clause 7 sets out the investigatory powers—*[Interruption.]* No, I have said that I want to make some more progress, and the hon. Member for North Essex (Mr. Jenkin) must acknowledge that there is a great deal of interest in this debate and that others wish to speak. Clause 7, as I was saying, sets out the investigatory powers for the Commissioner for Parliamentary Investigation, while clause 8 includes a number of enforcement powers.

Mr. MacShane: Will my right hon. Friend give way on this particular point?

Mr. Straw: No, I must make some progress, and there are two days of debate in Committee.

Clause 9 creates three new criminal offences: providing information that the Member knows is false or misleading in a claim for an allowance; failing, without reasonable excuse, to comply with the rules on registration of financial interests; and breaching the rules that prohibit paid advocacy. I am happy to lay before the House a detailed chart that explains the background to these offences.

The simple fact of the matter is this. In regulating elected bodies such as local authorities, the Welsh Assembly and the Scottish Parliament, this House has been happy to lay down, without argument, some stringent penalties for offences of misconduct by the members of those bodies. I thus have to say that what is sauce for the goose has to be sauce for the gander—*[Interruption.]* The same is also true, as the hon. Member for Moray (Angus Robertson) says, in respect of declarations.

Several hon. Members *rose—*

Mr. Straw: I am not giving way at the moment.

We can go into these offences in more detail on Wednesday when we debate clause 9 in Committee. I will be happy to listen to what hon. Members have to say but, in my judgment, having offences in the Bill and in the scheme is fundamental to its proper operation and, above all, fundamental to ensuring public confidence in this scheme. That is precisely what we have insisted on in respect of local authorities, the Scottish Parliament and the Welsh Assembly. Neither local authorities nor the Welsh Assembly and Scottish Parliament have had a scandal around their ears, to put it frankly, of the kind we have faced for our failure properly to regulate ourselves.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I do not take issue with the creation of offences per se, but does the Secretary of State accept that these offences and the processes that stem from them must be compliant with article 6 of the European convention on human rights? Having regard to the terms of the Bill before us, can the right hon. Gentleman honestly say that they are?

Mr. Straw: That is our judgment. My right hon. and learned Friend the Leader of the House would not have signed the section 19 certificate, which she has, if she had not taken that view.

Mr. Carmichael *rose—*

Mr. Garnier *rose—*

Mr. Dismore *rose—*

Mr. Straw: Of course we can look at that further, but I am certainly satisfied that the Bill does meet those requirements, so let me move on to clause 10.

Mr. Garnier: What about clause 9?

Mr. Straw: We can debate these clauses in more detail in Committee.

I have already said that in our judgment there is a strong requirement for these offences. The hon. and learned Member for Harborough (Mr. Garnier) is not correct in comparing the offence in clause 9(1) with the offence—fraud by false representation—in section 2 of the Fraud Act 2006. There is a further requirement in section 2, which covers dishonestly making a false representation, but there are plenty of examples in respect of other offences where exactly this wording has been used by this House for false declarations. We happen to believe that it is sensible for there to be a specific offence relating to a false declaration.

Mr. Garnier *rose—*

Mr. MacShane *rose—*

Mr. Straw: No, I am going to make some more progress. *[Interruption.]* I mentioned the hon. and learned Member for Harborough because he shouted from a sedentary position, and I have given way to him on a number of occasions.

Let me tell the Opposition that we are, of course ready to discuss the basis for these offences [illegible], having said that they support the principle of h[illegible]an external authority, the Opposition surely have to accept that certain consequences go with it, one of which is the need to include some criminal offences to back up the scheme that the Bill introduces.

Mr. Grieve: Let me emphasise that we do support the principles of the Bill, and want to make it work. It is for precisely that reason that the creation of criminal offences, which may be an essential part of the Bill, requires special scrutiny.

I know that we shall return to the issue on Wednesday, but the Secretary of State mentioned that other bodies had been regulated. I could not agree more. One could use the phrase "the biter bit". We have been imposing criminality on all sorts of organisations over the last 10 years—I believe that 3,000 criminal offences have been created in that time—but we have not imposed the provisions of clause 9(1) on the Scottish Parliament. We have relied on the general law. I flag that up now, because the Secretary of State may wish to return to it in greater detail.

Mr. Straw: I note what the hon. and learned Gentleman has said.

Mr. MacShane: I know—we all know—that the party leaders have agreed to this because they must satisfy headlines and the sense of public outrage outside, but we must ask whether we want to break the fundamental link with our constituents and put ourselves under the control of an external quango that will then be able to intervene.

I am only concerned about the clause referring to advocacy. I am here to advocate. Sometimes I am paid for writing a book or an article, or helped to go on a trip. I really do not want that to be taken up by every busybody and sent to a council of guardians who will tell me what I can do as a Member of Parliament, but that may be the direction in which the Bill is going.

Mr. Straw: I hope to be able to give my right hon. Friend some reassurance, but let me also say to him that, as he knows very well, the expenses scandal is not just a matter of a couple of days of headlines. It has engulfed the House and its reputation—unfairly in many respects, but because there have been some egregious abuses by a few Members and a systemic failure properly to establish a system of regulation, we face a serious problem in terms of rebuilding public confidence.

There never will be an offence of advocating a cause in the House, although there has plainly been a breach of any code, and in many respects an offence with a small "o" for centuries: that of being hired and paid to advocate a cause. However, I know from long experience of my right hon. Friend that he would never do that in any event.

Mr. Garnier: Will the Secretary of State give way?

Mr. Straw: No. I am going to end my speech in a moment.

Clause 10 states:

"No enactment or rule of law which prevents proceedings in Parliament being impeached or questioned in any court or place out of Parliament is to prevent—

(a) the IPSA from carrying out any of its functions;

(b) the Commissioner from carrying out any of the Commissioner's functions;

(c) any evidence from being admissible in proceedings against a member... for an offence under section 9."

That directly excludes the operation of article 9 of the Bill of Rights from the functions of IPSA and the commissioner, and ensures that evidence relating to an offence under clause 9—not anything else—is admissible in court.

Our draftsmen tried to draft the clause in a narrow way. I understand and appreciate the concerns expressed by the learned Clerk, but our view, building on the recommendations of the 2003 Joint Committee on the draft Corruption Bill and further discussions that I have had on the latest Bribery Bill—which contains a similar exclusion in respect of article 9—is that such an exclusion is acceptable. However, I understand the sensitivity of the issue, and I promise that I will listen carefully to the concerns that are expressed.

Peter Luff (Mid-Worcestershire) (Con): Will the Secretary of State give way?

Mr. Straw: I have no time.

There are Members who will try to argue—some have already done so—that we should delay and delay and delay, but I do not accept that. My view, and the view of the party leaders who speak for us as our leaders, is that such is the depth of public concern and such is the fundamental nature of the failings that we must act, and act speedily—not with haste and not without consideration, but through the kind of process in which we have engaged over the last few weeks.

We shall engage in detailed examination over the next three days. As the House will acknowledge, I have already shown considerable flexibility. The Bill will then be examined in the other place. I regard it as imperative—as I hope the whole House does—for us to have on the statute book by the end of July a workable scheme to establish an Independent Parliamentary Standards Authority and all that goes with it.

5.24 pm

Alan Duncan (Rutland and Melton) (Con): The past few months have been desperate ones for Parliament: the reputation of this House has taken some pretty heavy knocks and Members of all parties have been left reeling. The crisis has arisen from the fact that Parliament has stood still while the world moved on. For more than 30 years we have worked under a system of remuneration that would never have stood up to scrutiny in the commercial world, and while political cowardice at the top maintained the headline rate of pay at an artificially low level, political deceit—I think it is fair to call it that—has invented an allowance scheme that was less than acceptable, lacked any transparency and was corrosive to public trust. One of the most important political trends of the past two decades has been the movement towards greater openness, so when the facts came out, as they were bound to do, it was always going to end in tears. The truth that now must haunt us all is that when the House had the opportunity to fix the system, it signally failed to seize the moment. We must not fail this time around.

Mr. Heathcoat-Amory: The Secretary of State implied several times that the Bill is the result of an agreement between the parties. Will my hon. Friend confirm that although there must—I hope—be agreement to reform our expenses regime fundamentally, we as a party have not agreed that these constitutional reforms should be hurried through in this way, and that the Bill in its present form is not a result of cross-party collusion?

Alan Duncan: I think that fairly summarises the position, but I also think it is fair to say that the Secretary of State for Justice and the Leader of the House have been very open throughout the consultation and discussions we have had in trying to put together a Bill that is in many respects workable—and is far more workable than the original draft we saw.

I would like to set out the context in which this Bill has emerged, and then say something about the principles that we should bear in mind as we go forward over the next couple of days. We support the principle behind the Bill of outsourcing the Fees Office, but it is not an overstatement to say that the Bill also touches on the fundamentals of our constitutional architecture. While Conservative Members appreciate that there is pressure to pass this legislation quickly, if we get it wrong it could have a devastating effect on our democratic process and our procedures, which could seriously disadvantage the interests of voters.

Peter Luff: On that point, I hope that we will press the Government on clause 10 in particular. As a Select Committee Chairman who often has to take on quite strong and powerful outside interests in the course of my work, I regard the clause as very detrimental indeed to the Select Committee system and to the wider House of Commons.

Alan Duncan: I am certain that in Committee tomorrow and on Wednesday that clause will excite a lot of attention and some serious analysis and debate. Indeed, it is because of clauses such as clause 10—although its final

[Alan Duncan]

form depends on what happens in Committee—that we reserve the right to return to the legislation at a later date. If there is tidying up to do, we must ensure that it happens away from the politically charged atmosphere in which the Bill is being handled today.

Since *The Daily Telegraph* began its series of stories, there have been a fair number of discussions in the House and decisions taken by it, and processes have been set in motion outside with the aim of rebuilding trust and ensuring that the claims that have so baffled and enraged the electorate will never arise again. The first action was taken by the Committee on Standards in Public Life and Sir Christopher Kelly, who initiated the report into our expenses and to whom we have entrusted the task of designing an alternative system. As Sir Christopher said, such an inquiry was long overdue, and we welcome the progress that he is making.

Also, in Parliament individual Members and parties have taken steps to assuage public anger by making voluntary repayments and—

Mr. Swire: Will my hon. Friend give way?

Alan Duncan: Not in the middle of a sentence. Individual Members and parties have taken steps to assuage public anger by making voluntary repayments and changing the way in which we make certain claims. I shall now give way to my hon. Friend.

Mr. Swire: I am most grateful to my hon. Friend. I understand that he has given evidence to Sir Christopher Kelly. Has he had an opportunity to discuss Sir Christopher's thoughts on the Bill with him, and has he received any indication as to whether Sir Christopher would like to wait, or, indeed, feels compromised by this Bill?

Alan Duncan: My evidence to the committee is online on the committee's website. Indeed, I have sent all colleagues on this side of the House a copy—

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): What about our side?

Alan Duncan: It is on the website, and has had many thousands of hits already. The Bill had not been published or revealed in any detail at the time that I gave evidence.

Sir Patrick Cormack: Of course, it is right that Sir Christopher should be untrammelled and that he and his committee should be able to make recommendations, which I hope we can accept in total. It is then the job of this authority, as I see it, to ensure that the Kelly system is fairly and rigorously enforced. It does not follow from that that we must have the rest of the constitutional apparatus of this Bill.

Alan Duncan: In broad terms, I fully agree with my hon. Friend.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Further to the question that the hon. Gentleman was recently asked, I gave evidence today to the Kelly committee. One question that I was asked was whether I thought it prudent and wise to rush through legislation in advance of its findings. I have to be honest; I have taken the view, and still do, that it would be far better to wait for the committee's deliberations and to have a proper draft Bill, with pre-legislative scrutiny, and to do it properly. I say that with respect—we have had a useful process, I do not deny that—but I still think that that avenue should have been preferred.

Alan Duncan: I take that as an intervention directed more towards the Secretary of State for Justice than me.

As the Leader of the House reported in her statement last week, every receipt from the past four years will also be subject to the scrutiny of Sir Thomas Legg. He will make recommendations later this year on the individual actions of Members. I think that the whole House will accept that Sir Thomas Legg is a man of total integrity and is well suited to that purpose.

Mr. Frank Field: I wonder whether the cross-party talks covered the following point—in a sense, I raise it from the trade union side of the House—

Mr. Straw: That's unusual for you.

Mr. Field: Indeed; I hope that the irony was picked up. Many of the Fees Office staff have felt themselves to be on the receiving end of Members' blame for allowances that those Members claimed. If the Bill goes through, what will happen to those staff, whose numbers have been increased recently? Will we be making them redundant or will we expect them to be taken into the new authority?

Alan Duncan: That is not determined—it will be up to the authority—but I think it inconceivable that they will all be made redundant, as their expertise and understanding of the system are essential to its working effectively. I do not think that it has been fair to criticise the Fees Office in the way that many have. It is the direction that it has been given that matters more than the conduct of any individuals themselves.

Mr. David Winnick (Walsall, North) (Lab): Will the hon. Gentleman give way on that point?

Alan Duncan: Yes. I shall bin some of my speech, give way to the hon. Gentleman and then canter on.

Mr. Winnick: I am glad that the hon. Gentleman has made that point, and I am sure that my right hon. Friend the Secretary of State would wish to do so, too. Criticism of the Fees Office staff has been totally unfair and without any justification. The notion that they encourage Members to claim more does not bear up to any reality whatsoever. At no stage, in all the years that I have been here, has the Fees Office come back to me and said, "You should be claiming more than you have." That is a slur on the Fees Office and that should be recognised.

Alan Duncan: Let me place on record that I think that the Fees Office and many of the staff have been put under intolerable pressure over the past few weeks, both by the press attention and by the sheer burden of work that they have had to shoulder in order to prepare all the redacted receipts and so on. Instead of criticising

members of the Fees Office, this House should express its gratitude to them for being hard-working servants of this House.

Mr. Straw: May I endorse what the hon. Gentleman has just said? I paid tribute to the staff of the Fees Office. May I also endorse what he said about providing reassurance to the staff of the Fees Office? In co-operation with my right hon. and learned Friend the Leader of the House and the House of Commons Commission, we are seeking to provide more formal reassurance for the overwhelming majority of staff in the Fees Office.

Alan Duncan: I am grateful to the Secretary of State for that comment.

The central provision in this Bill—clause 1—will create what is, in essence, the independent Fees Office that we have been discussing. Conservative Members welcome that, because we support the principle that MPs should no longer determine their own pay and allowances. The public anger to which Members have been exposed originates, in part, from taxpayers' increasing alienation from a political system that is seen to waste money—that feeling has intensified during the recession. While many people are losing their job and seeing their income reduced, MPs are seen to be being paid in luxuries. We feel that people will never have confidence in Parliament if we continue to vote on our own remuneration.

It is true that in recent months the House has adopted a much more rigorous regime. I chair the Members Estimate Audit Committee, and it is good that significant progress has been made on creating three levels of audit and assurance and on ensuring that all the standards that we set are akin to those of any public body or the most strictly regulated plc. However, as such decisions are still viewed by the public as made by MPs for MPs, we think it better that there should be a dedicated external body to determine our pay and rations.

I should make another point in passing. The House has just elected a new Speaker. All sorts of labels were given to the contest by the press; particular mention was made of the desire to promote a Speaker who would "reform". If this Bill goes through—let us leave aside the Speaker's involvement in the selection process for IPSA itself—the framework of the new body would have a significant bearing on the office of Speaker and his ability to have any say in reforming this side of our parliamentary life. All the arguments about expenses would be removed from his responsibility. Likewise, there are consequential implications for certain Committees of the House, for instance in relation to the function of audit. The Bill might result in my having to relinquish the chairmanship of the Members Estimate Audit Committee and retain only the audit function for the House estimates, which deal with the parliamentary buildings and the wider estate.

Having established IPSA, the Bill, through clauses 2 to 5, would provide that body with the powers to set our allowances—with reference to the inquiry by the Committee on Standards in Public Life, which I have mentioned—to administer our allowances and our salaries and to codify and maintain the Register of Members' Interests.

Clauses 7 to 9 would create a Commissioner for Parliamentary Investigation, who would work with but separately from the authority, to look into alleged misuse of allowances or breaches of the registration of financial interests. The House will be aware that that would create duplication with the work of the Parliamentary Commissioner for Standards—currently John Lyon—so we will need to give detailed examination in Committee as to exactly how to untangle those roles.

In just these respects we would like the Bill to go further. The historic response to the continuing controversy about our remuneration has always been safety valve politics; it has always been about letting just a little more air out of the system in order to buy a little more time. However, by fending off a bad headline one day, we have not avoided 10 bad headlines the next. We have delegated both pay recommendations and a review of our pensions to the Senior Salaries Review Body, and the Committee on Standards in Public Life is investigating our expenses. Those are ultimately three elements of the same overall package, and what has been depressing about the past few months has been the lack of public debate about what impact the final package, whatever it might be after those bodies have made their separate reports, will have on the make-up and identity of Parliament. We need someone to piece together all those fragments and draw together all those different threads. Perhaps if we equip IPSA properly and make it capable of taking rigorous intellectual decisions, it might one day be the authority that succeeds in taking a comprehensive, overarching view to determine our entire pay and rations.

Natascha Engel (North-East Derbyshire) (Lab): Perhaps we need to go a couple of steps further and talk to the people whom we represent, identify what they want us to do, and then create a structure of pay, reimbursement and pensions that reflects that. We are approaching this issue the wrong way round, and the hon. Gentleman is not going far enough.

Alan Duncan: Many hon. Members may think that the hon. Lady has got things the wrong way round. We need a body that can be independent and responsible, which detaches us from any association with determining what we are paid or rewarded. If this is the body that will do it, and it looks as though it will be, the question of who sits on it becomes critical.

The Bill establishes, in schedule 1, an appointments process that is virtually the same as that for choosing the chair of the Electoral Commission. Nobody doubts the integrity of that selection process, or the impartiality of the appointee. Commissioners will be selected by a Speaker's Committee and their appointment will be sealed with the imprimatur and authority of the House. This is a crucial process, and it would be completely unacceptable if members of the new body were, for instance, hand-picked by the Executive. The origin of the problem that we are discussing has been the interference of the Government of the day at all stages of the determination of our pay. Any further interference from, say, the Prime Minister would serve only to compound the problems that we are today trying to address.

Sir Patrick Cormack: Is it not one thing to have a body that regulates the conduct of elections and another thing entirely to have a body that regulates the conduct of the elected?

Alan Duncan: I totally agree with my hon. Friend. Inasmuch as I have supported elements of the Bill, it is not the influence of conduct that I am discussing. The influence would be on deciding how much we are paid. In other words, this is about money, not about behaviour or the freedoms that we enjoy as independently elected Members of Parliament.

Mr. Heathcoat-Amory: The Leader of the Opposition has agreed with the Prime Minister about the need for more accountability in British politics. How will that be achieved by removing such decisions from a body accountable to the electors—ourselves—to an unaccountable, external, unelected quango that will tell elected people what to do? Surely we should have the self-confidence to set our own pay, on recommendation from others, and then to defend it to the electors, rather than give away these powers to another body.

Alan Duncan: The shortest answer to my right hon. Friend is simply that this is the only respect in which we can be seen by the electorate as feathering our own nests and taking decisions that directly affect our own interests. I would like to think that, in all the other work that we do in this House, our intellectual energies are directed towards the betterment of the country. The system has become so discredited that we are now seen to be the people who use our constitutional power to put money in our own pockets, and that is no longer acceptable. It is the one area where it is wise to contract out our power.

Mr. Frank Field: Is there anything in the Bill—I cannot find it—that would prevent a future Government from vetoing those recommendations, as Governments have done with every Senior Salaries Review Body recommendation?

Alan Duncan: Yes, and the Secretary of State may wish to collude with me on that answer. The decisions on pay and allowances merely have to be laid before the House: they cannot be rejected by it, as I understand the provision.

Mr. Straw: The IPSA as currently constituted will deal only with allowances. The authority will effectively make its own decisions and then, according to clause 3, it

"must lay the scheme...before the House of Commons."

It cannot then be voted down. That is included not only as a protection for the public, but for the House. If the body were to have responsibility for pay at some point in the future—and there are some good arguments for that—the same would apply.

Alan Duncan: I am grateful to the Secretary of State for confirming what I said. On a small, technical point, given that only a Member of this House can lay anything before it, I am sure that he will accept an amendment that says that the Speaker, and not IPSA, will lay the matters before the House.

Mr. Tyrie: Given what my hon. Friend said about the need to take the issue of pay directly out of the hands of the House, would Front Benchers support an amendment that altered clause 3 to exclude pay from consideration under resolutions of the House and to place the issue at one remove by statute?

Alan Duncan: That is essentially our party's policy. Of course, we would need to look at the exact words of any amendment to determine whether we supported it. In principle, we are today setting up the architecture that would allow what my hon. Friend suggests to happen. I think that in practice the Bill allows for subsequent amendment or revision. I think that we are all thirsting for some kind of total, comprehensive and, dare I use the word, holistic approach to all the various strands that are, at the moment, fragmented.

The men and women who become commissioners will need to be distinguished and of unimpeachable character. They will also need to be confident, so I am pleased that the Bill makes it clear that there should be someone on the board of IPSA who has had direct parliamentary experience. That is not because we wish to give ourselves an easier deal; it is to ensure that there is someone on the board who knows and understands what it is to work in this place, who can ground IPSA in the gritty reality of the House of Commons, and who will not be seduced by any of the popular myths about what an MP does or does not do. Equally, the legal complexities of establishing the body call for someone who has reached the highest plains of the legal profession. We suggest that an experienced accountant should be on the board, too.

Mr. Swire: No serving Member of the House of Commons can be a member of IPSA, but a retired Member of the Commons can be. However, a Member of the House of Lords can be a member of IPSA. Does my hon. Friend agree that that is an anomaly, given that the Justice Secretary told me earlier that he hoped that the measures would eventually apply across both Houses?

Alan Duncan: The difference arises from the fact that a Member of the House of Lords is a Member for life, so there are no ex-Members of the House of Lords who are able to make a constructive contribution.

Mr. Swire: Hereditaries.

Alan Duncan: Yes, there are hereditaries. Some past heads of the Committee on Standards in Public Life have been Members of the House of Lords; I am thinking particularly of Lord Nolan and Lord Neill. If one is to seek a senior judicial figure, it may well be that the House of Lords is where they come from. Of course, there are Cross Benchers in the House of Lords, but not here, bar one or two.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Will the hon. Gentleman allow me to intervene?

Alan Duncan: Yes, but then I will make progress, if I may.

Sir Alan Beith: I declare an interest, as my wife is involved. I had better make it clear that the three parliamentarians who are members of the Committee on Standards in Public Life are explicitly not taking part in the committee's inquiry on pay and allowances, because they have an interest.

Alan Duncan: Indeed. They were asked to stand down from the investigation. In a way, that is against many of the principles under which Lord Nolan set up the committee in the first place. One of those principles was that, in order properly to decide anything to do with this place, knowledge of it was necessary. Sir Christopher Kelly decided that the parliamentarians should stand down from the inquiry; whether that was right or not is for others to judge.

We do not have a serious problem with the investigative functions of the new body. We have to hope that Sir Christopher Kelly's committee comes up with sensible, simple proposals later this year that will make any new system virtually impossible to manipulate. However, the public's view of politicians is so low at the moment that we must be prepared for what I can only imagine might be rare instances of outright fraud. In doing so, we should ensure that there is a real, and not just a cosmetic, separation of powers between the administrative and investigative competence of IPSA.

Without wishing to cast any aspersions on the staff of the Department of Resources, who do what is at present a very tough job, part of the reason for our current problems has been that the Fees Office was for a long time both the administrator and the adjudicator of allowances. This clearly can no longer continue. If we are to avoid falling foul of any further elephant traps, we will need to look carefully at what the Justice Secretary has called the "firewall" between IPSA's administrative and regulatory functions. I am sure we will examine that in Committee. I refer Members particularly to schedule 1, part 2, paragraph 17.

These parts of the Bill are, we would argue, the least controversial, unless one is opposed to the entire principle of contracting out our pay and allowances, although at present the new body will look only at our allowances. But there are other elements of the Bill that appear to be designed purely to satisfy the prime ministerial press release. One of the reasons we find ourselves in this mess is that we have suffered from the most trivial form of gesture politics. The Government must understand that we will not resolve the problem with yet more gestures. We can get away with some bad legislation, but if we put a foot wrong in this case, we might end up not just with an expensive inconvenience, but with a constitutional nightmare that will haunt us for decades.

Although we remain cautiously relaxed about transferring powers on allowances, we are not so comfortable about the provisions in the Bill that allow IPSA to regulate the system and create new offences for false claims or failing properly to declare financial interests. That view is nothing to do with giving MPs special favours. It is about making sure that in fixing the Commons, we do not unfix the parts that are not broken. The Government must listen, and I hope they will be prepared to accept some amendments.

The House had particular concerns about clause 6, which would have created an obligation on the House to have a statutory code of conduct, or at least by statute it would have required the House to have a code of conduct, which is slightly different. That would have created all sorts of conflicts between us and the courts. We still have concerns about clause 10, which creates a formal provision to allow proceedings to be admissible in court proceedings against an MP, regardless of parliamentary privilege. We will have to examine this in depth in Committee.

What is at stake here has been expertly explained by the Clerk of the House in a powerful analysis of those aspects of the Bill that touch on questions of parliamentary privilege and our freedom as Members. That document is already public, and I know that the Clerk will be before the Justice Committee tomorrow night. He had two central concerns—first, that swathes of the Bill are or would have been justiciable and would set Parliament on a direct collision course with the courts; and secondly, that this could undermine the basic principle of free speech in the House.

The sovereign independence of Parliament from the judiciary has been one of the fundamental pillars of our constitution for centuries. As the Clerk interprets it, had the Bill gone through unamended, we would have seen an endless merry-go-round of litigation and judicial reviews. We cannot end the culture of blank cheques to MPs, only to open up a culture of blank cheques for lawyers. Members—we—are already subject to the law of the land, just like anyone else. We are also already subject to a parliamentary code of conduct, and to the judgment of the electorate.

Inasmuch as IPSA has power over our allowances, we are largely content, but inasmuch as it muddies the water and empowers the courts to intrude on our independence of action, it must be resisted. Even more dangerously, as the Clerk goes on to suggest, the casual disregard for parliamentary privilege in the Bill, particularly in clause 10, could cause permanent damage to parliamentary proceedings. As he says, it could have a "chilling effect on the freedom of speech of Members, and of witnesses before committees, and would hamper the ability of House officials to give advice to Members".

As has already been said, responding to me at business questions last week, the Leader of the House said:

> "He will see from the face of the Bill that the question of parliamentary privilege is not an issue in that Bill, so that is not a question that hon. Members need to concern themselves with."—[*Official Report*, 25 June 2009; Vol. 494, c. 950.]

It is difficult to see on what basis she made such a statement. It is in obvious contradiction to the expert advice from the Clerk. We are glad that clause 6 has been withdrawn, but we are still concerned about other aspects.

Sir Patrick Cormack: Does not the Clerk also point out that in 1999 a Joint Committee of both Houses, on which I was privileged to sit, produced a report that has been pigeon-holed ever since? Had it been followed and had we had a privileges Act, as the Committee recommended, many of the issues that have disturbed us since would not have arisen.

Alan Duncan: I could not agree more with my hon. Friend. Our expenses regime and the Bill, together with the recent arrest of my hon. Friend the Member for Ashford (Damian Green), make the case for a privileges Act ever more compelling. We should look at that in detail.

Mr. Dismore: Picking up on the point made by the hon. Member for South Staffordshire (Sir Patrick Cormack), does the shadow Leader of the House agree

[Mr. Andrew Dismore]

that that Committee made particular recommendations in relation to the provisions of article 6 and natural justice to ensure that Members had the right to fair procedure when such cases were dealt with?

Hon. Members: Hear, hear.

Alan Duncan: I am happy to take that on board, and it sounds as though the House agrees with the hon. Member for Hendon (Mr. Dismore).

Mr. Gerald Howarth (Aldershot) (Con): I notice that my hon. Friend has not mentioned clause 5, which is of concern to a number of us. Will he share with us his view on a point made by our right hon. Friend the Member for Wokingham (Mr. Redwood), who challenged the Lord Chancellor on his unpaid post, and sought to establish from him why Ministers were excluded? After all, the Prime Minister, like us, is a right hon. Member of the House, but he also moonlights as Prime Minister, for a fairly substantial fee. Ministers do not have to go through the rigmarole of having to account for their every hour and minute spent on that outside interest, whereas those who have other outside interests that enable them to bring some serious experience to the House will be subject to that process.

Alan Duncan: My hon. Friend has made that point in the House a number of times. The loose use of the phrase "full-time MP" is increasingly vacuous. It does not mean much. The Prime Minister and other Ministers are Members of Parliament, working for their constituencies, and have very busy jobs as Ministers. Members who are paid as Chairmen of Select Committees also have that as an extra job. So the notion that we are either full-time MPs or not requires us to help inform people about how this place works. If ever there was a time when educating people and helping them understand this place were needed, now is such a time.

We will have to consider all these issues very soberly over the next few days. One issue that has been discussed and is of great importance is the question why we need to create special new offences for MPs, as in clause 9, for example, for providing "false or misleading" information when making an expense claim. As my hon. and learned Friends the Members for Harborough (Mr. Garnier) and for Beaconsfield (Mr. Grieve) said earlier, and as was pointed out by a QC in the letters page of *The Times* last week, such behaviour is already punishable under section 15 or 15A of the Theft Act 1968—dishonestly obtaining property by deception—or perhaps under the provisions for false accounting in section 17.

There has been a perverse consequence of the Government's attempt to define a special offence for us. I suspect that it was not the Government's intention to limit the maximum sentence for which an MP could be imprisoned to 12 months, rather than the 10-year sentence that can await members of the public found guilty under the Theft Act, but that is how it appeared to the correspondent in *The Times*. Creating different rules just for Members of Parliament cannot hope to fill the public with confidence in the new system. The Government's unworthy briefing to the press today suggests that they are more interested in propaganda than in a proper Parliament.

A Second Reading speech is to do with the principle of the Bill. The key principle at stake here is not only the external determination of our allowances, but the relationship between Parliament and the courts. As mentioned before, we had concerns about the obligation to have a statutorily enforced code of conduct; we were perturbed that the justiciability of the code would move our focus away from the legitimate concerns of our constituents towards the vexatious concerns of litigants.

These are tough times for Parliament, but they are also times in which the House needs to keep its collective head. We need a simple Bill that deals swiftly and effectively with the problem of our expenses. Let us not try to solve that problem by creating other problems, whose magnitude might dwarf even the hideous situation of the past two months.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I have to remind the House that Mr. Speaker has placed a 15-minute limit on Back-Bench speeches, and that it operates from now.

6 pm

Sir Stuart Bell (Middlesbrough) (Lab): I am grateful for the opportunity to follow the shadow Leader of the House. He reads the same newspapers as I do, and he referred to the letter in *The Times* last week that noted that under the Theft Act 1968 one receives a 10-year sentence, rather than the one-year term that might be set down in our Bill. The Justice Secretary has pointed out, however, that there will be a new offence and that there is a difference between "knowingly" and "dishonestly". We lawyers understand perfectly well that there is a difference.

The shadow Leader of the House also mentioned the Bill's principles, which I fully support and always have supported. I refer simply to something that I learned many years ago from Ernie Marples, a former Conservative Minister for Transport, who said that a time of crisis is a time of opportunity. A crisis has certainly engulfed the House in relation to the public's perception. There is a phenomenon among the public, in that everyone seems to relate to Members' expenses. I have an aunt in Newcastle who is 92 years old, and when her son visits her from Spain she does not ask how he is, how the children are or how the journey was; instead, she says, "I cannot get a communal garden seat, but those MPs..." And so it goes on up and down the land. We created a crisis and the Bill is dealing with it.

The shadow Leader of the House said that there was a low opinion of politicians; I have to tell him that in 1974 we were behind estate agents in such popularity stakes. We have not moved very far since then, so it is not true that Members have ever been popular in our land. However, we are certainly more unpopular now.

I am glad to see the right hon. Member for Wells (Mr. Heathcoat-Amory) still in his seat. He, the hon. Member for Chichester (Mr. Tyrie), who made an intervention, and my right hon. Friend the Member for Birkenhead (Mr. Field) were all concerned about salaries and whether they were also part of the Bill. I read a number of briefing notes on the Bill, and I was under the impression that, should the Independent Parliamentary

Standards Authority ask the Senior Salaries Review Body for a recommendation on salaries after a review, the issue would fall within the same category as expenses and, as the Justice Secretary has said, be laid before the House without a vote. If that is to be the case, it will be the first time since 1971 that MPs' salaries as recommended by the SSRB have been approved. The late Sir Edward Heath did so, but since 1975, when the Leader of the House was Michael Foot, no Prime Minister or Government—through the Thatcher, Major and Blair years—have ever accepted a recommendation from the SSRB. That has given us the current disequilibrium between allowances and salaries, so I hope that, in the future, salaries, like allowances, will be covered by IPSA.

My hon. Friend the Member for North-East Derbyshire (Natascha Engel) said in her intervention that we should listen to the public. I think that, through this Bill, the Kelly recommendations on MPs' allowances and the four-year review of all our expenses and allowances, which will begin very soon and is being carried out by independent auditors, we are listening to the public.

I think that it was the shadow Leader of the House who had the good fortune, or the misfortune, to mention *The Daily Telegraph*, and I repeat what I said at the time: it is a matter of great regret that a CD-ROM was stolen from the House, that it was bought for a tremendous amount of money—possibly £250,000—and that it led to the revelations that came to the public's attention. Voltaire once said, however, that out of some ill, some good can come, and the good that has come out of the revelations is the Kelly review, the Bill and our review of four years' expenses and allowances. So, when people ask, "Why the rush with the Bill? Why the haste?", I answer that the haste is to respond to the public's opinion, which we created. We have created a terrible public opinion of this House, and the House as an institution, as well as its Members, must respond. That is what we are doing today.

Sir Christopher Kelly has been mentioned on a few occasions, and those who have given evidence include the hon. Member for Meirionnydd Nant Conwy (Mr. Lloyd), who gave evidence today, and myself. I gave evidence last week, just before the Bill's First Reading, and I tried to explain to the committee, and I think that it understood, that IPSA is not being set up as another quango. It will separate the work of the Fees Office from Members. I repeat on the Floor of the House what I said to the committee: an incestuous relationship had developed between Members and the Fees Office.

Many people—the Justice Secretary, the shadow Leader of the House and my right hon. Friend the Member for Birkenhead—have said that the Fees Office does a sterling job. No one is criticising members of the Fees Office; we are all responsible, because, over the years, we right hon. and hon. Members have made our claims and they have responded. They tried to help us. When the difficulties arose with the media, Members said, "Well, it was agreed by the Fees Office," and the Fees Office said, "You are hon. Members," and the relationship became rather unstable, leading us into our current situation.

The hon. Member for East Devon (Mr. Swire) referred to the Committee on Standards in Public Life, and to whether the Justice Secretary had referred the Bill to the that committee's chairman. I have to say, again, that the Bill is entirely separate from the work of the Kelly committee. We are still a sovereign Parliament for a sovereign people, and it is up to us in this House to set the framework. Within that framework, the Kelly committee can respond and give us its recommendations, but it is up to this House to approve or not to approve those resolutions. All three main party leaders have said that they will support them when the time comes. We hope and expect them to be appropriate; we expect them to be transparent and to take into account the public interest; and, therefore, we hope that we are in the process of supporting them.

The reason why I think so many of us have given evidence to the committee, notwithstanding the point that the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) made about his wife and two others not being able to sit on it at this time, is that we are there to educate the committee, to tell it about the feelings of the House and of Members and to explain to it the things that we think are significant to this House. It is a two-way process with the Kelly committee, and I had no difficulties with my evidence and the evidence that others in the House gave last week.

The shadow Leader of the House said that if we get the Bill wrong we can always reverse it. The Justice Secretary said that we got the Dangerous Dogs Act 1991 wrong—possibly—but we have not amended it. This House is sovereign, and if the Bill is not right there will be time to change it; but we have three days for consideration, which is quite a period in which to discuss the Bill not only on Second Reading but in Committee. It is therefore up to this House, as it is doing tonight, to hold the Executive to account—it is a Government Bill—and to press, probe and see whether there is a response. Up to now, the Justice Secretary has responded. He has listened carefully to Members, and he is still listening. We are in listening mode.

This is a matter for the House of Commons. This is about how we put to the people of our country a new framework for dealing with our expenses and allowances through an alternative fees office, and to get rid of a cosy, incestuous relationship. We must be careful, however, not to show a kind of parliamentary drag—some Members still say, "We should be in charge of our salaries, expenses and allowances; we should not give them to a quango." Those days are over, as any of us who speaks to the public will know. We have ceded our authority on such issues, and we should accept that; I hope that all in the House fully accept it.

The hon. Member for Louth and Horncastle (Sir Peter Tapsell) referred to the Kelly committee, and I refer to it again now. The Secretary of State went through the various stages of reform that the House has seen over many years. During my years in opposition, the noble Lady Thatcher never reformed the House of Commons. She reformed many things, including the judiciary and the legal profession, but she never touched the House. Now we are reforming the House—in the interests not of MPs, but of the people of our country.

The Secretary of State is perfectly right not to extend measures to the House of Lords at this time. Many years ago, Richard Crossman wanted to reform the House of Lords. He saw the then Leader of the Opposition, Edward Heath, and made his reform dependent on reform of the Commons—but we never got reform of the Commons or the Lords. If we wait for the House of

[Sir Stuart Bell]

Lords to come on board, we will never get the reform here. It is important that we reform here first; the House of Lords can follow. I am sure that it would wish to, for the sake of its reputation.

I fully support the Bill. I have argued for it; I have argued for the Fees Office to be independent from Members of Parliament. I cast no aspersions over members of the Fees Office and how they work and have helped us over the years, but it is in their and our interests that the separation should take place. I echo the words of the Prime Minister himself. He said that the Bill will end the system of self-regulation and that we would have independent statutory regulation. He went on:

"That will mean the immediate creation of a new Parliamentary Standards Authority, which will have delegated power to regulate the system of allowances. No more can Westminster operate in ways reminiscent of the last century, whereby Members make up the rules and operate them among themselves.

The proposed new authority would take over the role of the Fees Office in authorising Members' claims, oversee the new allowance system, following proposals from the Committee on Standards in Public Life, maintain the Register of Members' Interests, and disallow claims, require repayment and apply firm and appropriate sanctions in cases of financial irregularity."—[*Official Report*, 10 June 2009; Vol. 493, c. 796.]

The Bill is a major step forward in restoring the reputation of the House and in carrying the institution forward. It is the institution that has suffered, although Members of Parliament might be severely damaged in their constituencies. I give the Bill my full support, because I want the reputation of the House to be restored.

6.13 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): The Secretary of State started by explaining the absence of the Leader of the House; I should explain that in the normal course of events my hon. Friend the Member for Somerton and Frome (Mr. Heath) would speak for my party in this debate. However, he is elsewhere on parliamentary business, so the pleasure falls to me. I hope that Members will accept me, although as an inadequate substitute.

The Liberal Democrats welcome the Bill, although with significant qualifications to which I shall turn in a moment. As we debate it, it is important for us to be mindful of its political and public context. As the Secretary of State and others have said, there has been a substantial effort among all the parties to move forward by broad consensus, and that has a lot to recommend it as a modus operandi. The Bill provides for the contracting out of the administrative functions of the Fees Office and the removal of ourselves from the invidious position of being judges of our own cause in respect of pay and allowances. To that extent, it is uncontroversial.

Unfortunately, however, there is a great deal more to the Bill than that, and others have already aired their concerns in that regard. I have particular concerns about the timetabling of the Bill. Towards the end of last week, we were favoured with a helpful memorandum from the Clerk of the House, who is to give evidence to the Justice Committee tomorrow. An effort is being made to enable his evidence to be available to Members the following morning. I have heard word that the Joint Committee on Human Rights may have something to say on the Bill in the next day or two. As always, its intervention would be welcome.

Given all that, why is it so urgent to force the Bill through by Wednesday? I do not say that two days are not sufficient, but why do the Committee and other stages have to take place on two consecutive days? There is no reason why we could not deal with them on Monday or other days next week.

Mr. Straw: The reason is that we need to get the legislation through the other place and provide for any ping-pong that may arise before we rise for the recess.

Mr. Carmichael: The House rises on 22 July; if necessary—I hope that my wife does not read this—we could stay here until 23 or 24 July, or later. Substantial issues of great constitutional importance are at stake; to say that the stages have to take place in this way for the convenience of timetabling is, I fear, somewhat inadequate.

Mr. Llwyd: I agree with the hon. Gentleman. However, does he not think it would be even better if there were a draft Bill and proper pre-legislative scrutiny, with the calling of witnesses such as experts in administrative and constitutional law, the Clerk of the House and others? In that way, we could make absolutely sure that we did not make a monumental foul-up of the whole thing.

Mr. Carmichael: From one point of view, that would be an eminently sensible procedure to follow. However, I have to say that my experience of pre-legislative scrutiny is that even when we have it, the Government have a propensity to disregard the whole lot and bring forward a Bill that deals with the press release of the day rather than with the substantial body of work that has already been done. The Leader of the House is particularly culpable in that respect.

I shall now gladden the heart of the hon. Member for South Staffordshire (Sir Patrick Cormack). In the short time that I had to acquaint myself with the issues, I looked at the report published in 1999 by the Joint Committee on Parliamentary Privilege, on which he sat. It is a formidable piece of work and its conclusions are exceptionally well argued. However, the report has sat here since 1999 and now, in three days, we have to pass a Bill that deals with substantive issues of privilege. The issues should have been dealt with years ago, as part of a much more measured process.

Sir Patrick Cormack *rose—*

Mr. Carmichael: I shall give way to the hon. Gentleman, as I have referred to him. I hope that my answer to his point will allow me to move on from the issue.

Sir Patrick Cormack: I am exceptionally grateful to the hon. Gentleman for giving way and for what he said about the Committee's report. This is not emergency legislation such as that relating to terrorism. Without necessarily going down the route of pre-legislative scrutiny, we could quite easily complete the stages of the Bill in October when we come back. Then every Member would have the chance to read the report.

Mr. Carmichael: I think that everything must now have been said about the timetabling.

Sir Alan Beith: If the Government avoided proceeding with the parts of the Bill that get into the parliamentary privileges issue and left in place the parts that set up the body and enabled it to start work, perhaps some of the timetabling issues would go away.

Mr. Carmichael: I cannot fault my right hon. Friend's reasoning in that regard.

The concession that the Secretary of State has made on clause 6 is eminently sensible and welcome, and he is to be commended for having done so, but it highlights the danger in proceeding as we do.

Mr. Swire: The hon. Gentleman is absolutely right to ask for more time to go through the provisions in greater detail, but is that not rather at odds with his own party leader, who has been saying that we should accept the recommendations of the Kelly report without even knowing what is in it?

Mr. Carmichael: That is an entirely different point; the hon. Gentleman seeks to conflate two separate issues. I remind him that my right hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) is on record as saying—he was not greatly supported in many parts of the Chamber—that the House should sit until all the necessary work had been done. This is a prime example of something that, if necessary, we could have sat through until we got it right.

In my intervention on the Secretary of State, I asked him whether he was satisfied that the provisions of the Bill would comply with article 6 of the European convention on human rights, and he replied by reference to the declaration in the Bill concerning compliance with the Human Rights Act 1998. I have no doubt that that was not a difficult declaration for him to make, because of course the Human Rights Act does not apply to Parliament. The fact remains, however, that offences under the Bill and any processes that flow from them would have to comply with article 6 of the convention. That point was dealt with in the report by the Joint Committee in 1999. Paragraph 283, on page 75, refers to the case of Demicola *v.* Malta, in which the editors of a satirical magazine had been found guilty of contempt of Parliament. It was held by the European Court of Human Rights in Strasbourg that they had not been given a fair process. The Court observed that

"the person charged with contempt was a non-member"

of Parliament

"but it would be unwise to assume that the requirements of fairness would be significantly less for members."

Mr. Dismore: Although section 6 of the Human Rights Act excludes its operation as regards Parliament, we cannot exclude Strasbourg jurisdiction under article 6 of the convention. It is therefore inevitable that, sooner or later, a Member who is not treated fairly will take their case to Strasbourg. In this respect, we have not brought human rights home for Members of Parliament, although we may have done for the general public.

Mr. Carmichael: The Committee goes on to make that point at some length in paragraph 284. I would say to the hon. Gentleman and to the Secretary of State that if there is one thing that is more dangerous than this House not acting, it is this House acting in a way that is seen to be deficient and is subsequently open to challenge.

The interface that we reach between judicial and parliamentary proceedings is absolutely fascinating, and the Clerk of the House deals with it in his memorandum to Members. Let me draw the House's attention to his observations on clause 10:

"Clause 10(c) allows any evidence of proceedings in Parliament to be admissible in proceedings for an offence under clause 9. This is a very wide qualification of the principle under Article IX of the Bill of Rights that such evidence is not admitted. It would mean that the words of Members generally, the evidence given by witnesses (including non-Members) before committees and advice given by House officials on questions, amendments and other House business could be admitted as evidence in criminal proceedings. This could have a chilling effect on the freedom of speech of Members and of witnesses before committees and would hamper the ability of House officials to give advice to Members."

One must therefore imagine that if the procedures that flow from the implementation of offences under clause 9 are to be in accordance with the normal principles of fairness in relation to admissibility of evidence, it will not be the case, for example, that somebody who is being investigated by the parliamentary authorities will be given a caution. Will they be told that they are not required to say anything before they answer questions from the parliamentary authorities?

Mr. Frank Field: That would be difficult for MPs.

Mr. Carmichael: Indeed.

What would the consequences be for the effectiveness of any procedure that we set up if right hon. and hon. Members were not minded to avail themselves of that protection?

Angus Robertson (Moray) (SNP): I think it would be helpful to get some clarification from the Liberal Democrats on the issue of offences. This House, with the support of the Liberal Democrats, supported the Scotland Act 1998, from which several of the offences that are now part of the Bill were lifted. Is the hon. Gentleman concerned about their inclusion in relation to the House of Commons, and not the Scottish Parliament, or does he think that they operate in completely different ways?

Mr. Carmichael: The hon. Gentleman allows me an opportunity to explain. I am not arguing against the offences per se—offences of this sort may be very necessary—but their creation has a particular implication for the operation of parliamentary privilege. That comes back to another point made by the Clerk in his memorandum: the 1999 report gave us an opportunity to take a holistic approach to dealing with questions of privilege. The draft Bribery Bill is before the House—I sit on the Joint Committee that is scrutinising it—and now we have this Bill. We are taking what the Clerk terms a "piecemeal" approach to privilege, and that is where the danger lies.

Mr. Grieve: The hon. Gentleman may agree with me about two things. First, the offence under clause 9(1), which is the general offence of providing information to make a claim that is known to be misleading in a

[Mr. Grieve]

material respect, does not, as far as I am aware—he may be able to confirm this—apply in Scotland, where people are subject to the general law, whereas the Bill applies a particular law to this House. Secondly, as regards the prohibition on paid advocacy being turned into an offence, it is a little strange that this is happening just as the Bribery Bill is going through the House, whereby a great deal of attention is being paid to parliamentary privilege and it seems that paid advocacy and bribery are almost synonymous. In those circumstances, why should this particular offence be required without the safeguards that are being debated in respect of the other Bill?

Mr. Carmichael: With regard to the latter point, yes, what the hon. and learned Gentleman says has an undeniable logic that reinforces the argument about the piecemeal approach to reforming the law of privilege. With regard to his first point, as he says, clause 9(1) does not apply in Scotland. Neither does the Theft Act 1968—or the Fraud Act 2006; I cannot remember which. In any event, we have a very different body of law. Scots law is a quasi-Roman principle-based system, and we do not concern ourselves with the need for things like theft Acts and fraud Acts. I declare a fascination with that principle, and I commend it to other parts of the United Kingdom.

I have one final concern that I wish to bring to the House's attention, which again relates to the rather piecemeal approach that is being taken. Yet another body is being created that will concern itself with one small area of parliamentary activity. We already have the Standards and Privileges Committee, the House of Commons Commission, the Members Estimate Committee, the Members' Allowances Committee, of which I am a member, the Administration Committee and the Public Administration Committee.

As a member of the Members' Allowances Committee, it was apparent to me in the days following the early disclosures of our expenses by *The Daily Telegraph* that there were already a large number of fishers in a rather small pond. I fear that the creation of IPSA will mean another body fishing in that pond. Perhaps the Secretary of State and the Leader of the House should have considered the existence of all those different bodies, which overlap slightly although they have different jurisdictions, to see whether the time had come to rationalise them and make them more logical and coherent.

Today's debate is just the start of our proceedings, and we will have opportunities to speak about some matters in greater depth in the course of the next 48 hours. As far as Second Reading is concerned, should there be a Division my party will do nothing to impede the Bill's further progress.

6.31 pm

Mr. Frank Field (Birkenhead) (Lab): I am pleased to follow the hon. Member for Orkney and Shetland (Mr. Carmichael), because if an opportunity arises, I will vote against the measure, and I wish to use this short contribution to explain why.

The Bill fundamentally changes what we mean by representation, and we should move carefully before we change what has been built up over a long period and what the British people generally trust. Of course, there is the question of expenses. There is another side of that tale to be told, but perhaps this is not the place for that. There may be huge demand outside the House for us to deal with that issue as quickly as possible, but despite the hundreds of e-mails and letters that I have had from around the country, nobody has said that we should rush into legislating on it, let alone change our constitution in the fundamental way that I believe the Bill will.

The words of the Justice Secretary that the Government were open and listening would have had more effect in the House if we were not whipped on the Bill. We have to decide on it in a couple of days, and the Government will whip us through the Lobby if they can, to get the desired effect.

The Bill will make a fundamental change to representation as the British public have seen it in the past. I refer specifically to clause 5(8). I will not be much affected by it, which may make it easier for me to speak about it than it will be for other Members. Twin principles govern our understanding of democracy and freedom in this country: representative government and responsible government. We have a crisis in both parts of that understanding of our constitution, because to gain responsible government we need a party system so that a group of people can be held accountable for the programme that they believe the electorate have given them a mandate to carry through. Yet we live in an age when political parties are dying, and we have not yet come to terms with that when considering what responsible government means.

The concept of representative government means various things, but partly that in some genuine way this House should represent the people whom we are elected to serve, in the sense that we should somehow mirror them. In my 30 years in the House of Commons, the pool from which MPs are drawn has become narrower and narrower. Unlike 50 years ago, we now have no senior trade union figure in the House. We have no senior business figure, no outstanding entrepreneur and no great musician. No one who has played a part in the IT revolution that has shaped our world is represented in the House and part of our affairs. Clause 5(8) will make it even more unlikely that such people will ever seriously consider coming into the House of Commons.

The subsection is not only about listing our outside interests, it is about listing how much time we spend on them. In a moment I shall explain how impossible it will be to enforce that, other than by encouraging Members to be untruthful in the returns that they provide. I shall give a number of examples of the problem. The provision suggests, although of course this is not stated, that all our time is somehow purchased by our being Members of Parliament. It suggests that there is something wrong and unclean about our having outside interests for which we are paid, and that we need to justify that.

What sort of world are we creating if it is not thought unnatural for me to go to sleep, play golf or watch a football match—I do not have to make an entry about that, as it is considered totally proper for a Member to have a rounded view—but if I earn any money outside the House, not only do I have to declare it, which is quite proper, but I should somehow have an egg timer and calculate how long I spend on each activity?

Mr. Swire: Will the right hon. Gentleman give way?

Mr. Field: I will happily give way, although I must say that the hon. Gentleman has done quite well with interventions.

Mr. Swire: Would the right hon. Gentleman concede that a lot of us spend an enormous amount of time on appointments and engagements with outside charities, for which we are not remunerated? Perhaps we should declare the amount of time that we spend doing that as well.

Mr. Field: Of course we could put all that into the requirement.

Clause 5(8) is unfair and unworkable; moreover, it will begin to change the nature of the House of Commons. It comes from the Nolan report, which I know everybody is supposed to bow down to and worship, but I thought it was an appalling report. It misinterpreted what this House is about. It is not about the 19th-century view that we represent purely ourselves. Over the centuries, it has been about representing interests. In one fell swoop, Nolan said that that was wrong, and that somehow the great interests in this country should not be represented here, and that if we started to represent them, we might find ourselves expelled or imprisoned.

My first concern about the clause is therefore that it will change the nature of the House. My second is that it is unworkable. I shall give an example from this morning. A merchant banker, a good guy who has not been disgraced and whose bank has not caused any of the problems that we are in, came in to talk to me about some ideas that he has had. One of his ideas was local communities buying, in a mutual way, their services from public utilities. I immediately realised that that would be relevant to a body on which I sit—a mutual based in Liverpool, about which I declare an interest and from which I gain remuneration as a non-executive director. I realised that offering such services to our members might infuse new life into the mutuals. We could not only cover health products, but ask whether members wanted to buy gas, water, electricity and other fuel, telephone services and so on through that mutual arrangement.

How do I declare what happened this morning? I thought that I, as a Member of Parliament, was meeting somebody who wanted to develop ideas, but, during the conversation, those ideas became relevant to an outside interest for which I am paid. How do I sub-portion the time between listening to that banker and answering his questions, and then seeing the relevance of his points to the mutual associations in this country and my particular interest in that?

Mr. Jenkin: The Bill is even worse than the right hon. Gentleman suggests. Under the measure, the conversation that he outlined could be used as evidence against him in a court, which could be the result of a litigant—a private individual from outside the House—who does not like him perceiving an opportunity to pick on him. That is invidious and restricts freedom of speech in the House.

Mr. Field: That is why I am confessing my bad behaviour to the House. Before reading the Bill, I thought that what I was doing was a noble activity; I believed that one of the reasons for which I was sent here was to think laterally and gain cross-fertilisation of ideas, which would make my role more effective.

The third reason for my opposition to the Bill is that those who we know have outside interests, who represent the Executive and who are paid handsomely for it, do not have to declare their time. I appreciate that extending patronage has been taken to the absurd conclusion whereby one can be an unpaid Minister, but one also, presumably, spends a great deal of time fulfilling functions. That group, which has helped strangle the House of Commons so that it cannot carry out its historic functions, goes scot-free. They do not have to declare anything about the time that they spend on sometimes making it difficult for us to carry out our functions as representatives.

There is another reason for opposing clause 5(8), which I believe will distort this place. We had to vote for a collection of ideas—we could not simply vote on whether to declare our interests, part-time earnings and time. We had to vote for four issues at once. The major one was clearing up abuses, for which one wanted to vote. Many Labour Members wanted to vote for the measure because they deeply resent the large sums of money that some Members may earn from outside interests. The rewards system in our society is deeply offensive to my constituents who work jolly hard, get £11,000 a year, are messed about by tax credits, are brilliantly raising two or three children on that sum and then see the sums that Members, let alone bankers, earn. There was a feeling that we could, to some extent, abate the gross inequalities in the rewards systems by passing the measure. I believe that we should tackle those inequalities through taxation and other methods, not by trying to distort the functions of the House of Commons.

There is one last reason for my opposition to clause 5 as it stands. I will not support it in the Lobby; I hope that I shall have a chance to vote against it. It makes a mockery of what I thought public service was about, and what I have tried to fulfil in my 30 years as a Member of Parliament. Of course, not every minute of my waking day is spent thinking about how I can be effective—and dare I say more effective?—in that role, but it is the driving force in my existence. I am now confronted with this wretched little Bill, which provides for my setting egg timers every time I might undertake an activity that is not of primary concern to my essence as a human being. The Bill asks me to spit on a record that I have tried to build over 30 years. It is a disgraceful little measure. While making a mockery of what we believed to be public service, it will—much more damagingly—affect the nature of representation in the House. For that reason alone, it should be rejected.

The guts of the measure could deal with the expenses abuse. If that was the Government's main intention, we could have got agreement and passed it today. However, there are other elements in the Bill, which have profound constitutional implications. I do not believe that we should have a set timetable to consider them or that we should be whipped through the Lobby to support the Bill.

6.46 pm

Sir George Young (North-West Hampshire) (Con): The right hon. Member for Birkenhead (Mr. Field) made a powerful speech that commanded respect from hon. Members of all parties. He focused specifically on clause 5(8). In one respect, it is innocuous, in that it simply provides that one has to declare a financial

[Sir George Young]

interest if one makes a speech—that has always been the case. However, it is worrying because, in April, the House changed the rules. The problem is not so much the content of the Bill as what we did in April, when we resolved to demand of Members that they register how much time they spend on outside interests.

At the same time, the Government put a complexion on outside interests, which I regret—I do not think that it existed previously. They suggested that we should not have outside interests. I agree with the right hon. Gentleman's comments that outside interests can enrich the House and inform debates, and that it is sad that we have begun to follow a path that discourages them. I was heartened by his remarks and I shall join him in the Lobby on the timetabling aspects of the Bill if there is a Division.

Mr. Grieve: I hope that I am not pre-empting my right hon. Friend, but does not another aspect of the Bill dovetail with the regulations? The new regulations, which we introduced in April, have blurred the distinction between a gift and a payment in kind. Consequently, the draconian sanctions, which the Bill imposes, that apply to paid advocacy make unclear the point at which an hon. Member should consider that a gift prohibits advocacy thereafter.

Sir George Young: I am grateful to my hon. and learned Friend. My hon. Friend the Member for North Essex (Mr. Jenkin) made a similar point in an intervention. My Committee is worried about the matter and I wrote to the Leader of the House at the beginning of the month, asking if she would revisit the new rules on earnings precisely because of that problem. I await a reply. In my view, the new rules are almost unworkable.

The Bill is being rushed through. The cross-party consultations were welcome, and it was a courtesy of the Justice Secretary's to include me in them as Chairman of the Standards and Privileges Committee. However, four meetings on Chatham House rules on a fast-moving text is no way to legislate for important changes, some of which go to the heart of how we are governed.

We are told that the Bill responds to public concerns, but there has been minimum public consultation on it. In his statement to the House on 19 May, the then Speaker said:

"The meeting also received a paper from the Prime Minister, which was endorsed by the other party leaders, calling for a fundamental reform of allowances—moving from self-regulation to regulation by an independent body. The Government will consult widely on this proposal."—[*Official Report*, 19 May 2009; Vol. 492, c. 1422.]

They have not. In her statement the following day, the Leader of the House spoke of

"The proposal on which we seek to consult"—[*Official Report*, 20 May 2009; Vol. 492, c. 1506.]

Following which there have been minimal consultations. At the end, she said:

"We must now seize the opportunity to promote a debate that will see proposals to change and strengthen our democracy".—[*Official Report*, 20 May 2009; Vol. 492, c. 1506.]

Quite frankly, there has been no such debate, and the Bill was published but a few days ago. I looked at the Ministry of Justice website, which said:

"The paper that was tabled at the meeting the Speaker held of all party leaders and subsequently debated by Harriet Harman in the House the next day is now available on the Ministry of Justice website. Members of the public are now invited to comment".

I wonder whether the Minister who will wind up this debate can tell us what members of the public have said about the process.

As others have asked, do we know what the views of the Committee on Standards in Public Life are on what is proposed? Presumably not, because it is in the middle of an inquiry into that very subject. The Justice Secretary's rather narrow interpretation of its terms of reference is misguided. Like other hon. Members, I have given evidence to that committee, whose members are interested in much broader issues than the simple mechanics of allowances. They are interested in the whole architecture and in the philosophy and ethics behind the allowances. He was wrong to rule out their commenting on some of the broader issues. It is not inconceivable that the committee could come up with a different solution from the one in the Bill. As the Government have already indicated that they are minded to accept Kelly, we could find ourselves repealing or amending the Bill in the autumn. That seems to be bad government.

All stages in three days is too fast. The view of the Standards and Privileges Committee was that we should have had a draft Bill that went through due process, in order to get it right. Rushing the Bill through this House is an open invitation to the other place to look at it more carefully. I commend to the House the wise words of Peter Riddell in *The Times* today:

"But, not for the first time, speed is the enemy of adequate scrutiny, risking the type of consequences raised by Mr Jack",

the Clerk of the House. He continues:

"Gordon Brown is determined that this Bill to 'clean up politics root and branch' should become law before Parliament starts its long summer recess in three weeks. It would be far better for Parliament to return for a couple of weeks in September to allow time for proper debate."

On that theme, I invite the House to contrast the care with which we assembled part of our regulatory structure with the haste with which it is being dismantled. The appointment of the first Parliamentary Commissioner for Standards followed inquiries by the Nolan committee—the Committee on Standards in Public Life—and our Select Committee. We came to a considered view after a rational debate and put in place an investigatory system in 1995 that has been modified from time to time since and has worked quite well. In giving evidence to the Kelly committee earlier this month, Anthony King said as much, pointing out that that part of the system had worked well. The independent investigatory system is not part of the current problem. However, the rush to abolish it and replace it with a new system risks creating new problems.

The Bill dismembers the existing complaints machinery, transferring its functions relating to allowances and registration to IPSA and the investigator. However, the Bill leaves the rest of the system in a heap here in the House, with no plans for putting it together again. Will the House retain the Parliamentary Commissioner for Standards to investigate complaints that do not relate to allowances and registration, of which there are some? If not, who will do the work of investigating those complaints and reporting to the Standards and Privileges Committee? Which independent person will keep our

code of conduct under review and make recommendations to the House? Or will we keep our Parliamentary Commissioner for Standards to investigate complaints that do not relate to finances, but have a new investigator-commissioner to deal with those that do? What do we do about complaints that are a bit of one and a bit of the other? The proposal has not been thought through and has the potential to create an unholy mess.

The Bill has some good points. Giving the Fees Office function to an outside body is welcome. The retention by the House of its powers to apply sanctions against errant Members is important. We could not have a quango suspending or expelling Members who had not committed a criminal offence. However, there are genuine concerns about aspects of the Bill relating to parliamentary privilege. Like my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory), I do not know how on earth the Leader of the House could assert at business questions last week that

"the question of parliamentary privilege is not an issue in that Bill, so that is not a question that hon. Members need to concern themselves with."—[*Official Report*, 25 June 2009; Vol. 494, c. 950.]

No sooner had she said that than up popped in my inbox five pages of a paper from the Clerk of the House entitled "Privilege Aspects of the Parliamentary Standards Bill". The title of that paper sat uneasily with the assertion made by the Leader of the House. The Clerk of the House very tactfully says at the beginning:

"I should stress that I make no comment whatever on the merits of the Bill's policy proposals".

However, page three says:

"This could have a chilling effect on the freedom of speech of Members and of witnesses before committees and would hamper the ability of House officials to give advice to Members."

That sounds to me dangerously like a comment on the merits of the Bill's policy proposals, but of course the Clerk would make no such comment.

I welcome what was said about clause 6. I am glad that it is not being pursued, although there are some other aspects of the Bill, particularly in clause 10, where there are still some residual issues. If the Justice Secretary was minded to accept the Clerk of the House's views on clause 6, that prompts the question why he chose to reject them on clause 10.

The Standards and Privileges Committee has been described as a "gentlemen's club", which is an inaccurate and unfair characterisation. It is indeed a Committee composed entirely of parliamentarians who, at the moment, all happen to be male. However, as I told the Committee on Standards in Public Life in giving evidence this morning, the Committee would welcome the appointment to it of some lay members to correct any misperception that it is a club and to introduce an element of external involvement in its work on standards. I look forward to seeing what the Committee on Standards in Public Life says about that.

However, there is something close to a gentlemen's club, and its members are Ministers of the Crown. There is no proposal in the Bill from the Government to place the ministerial code of conduct and the investigatory apparatus that goes with it on a statutory footing, unlike what we are doing as far as Members of Parliament are concerned. The Bill therefore creates a new disparity between the status of the two codes. Perhaps the reason is that the combined owner, doorkeeper and bouncer of the ministerial club is the Prime Minister. Anyone can complain to the Parliamentary Commissioner for Standards about any one of us. If he investigates and there is substance to the complaint, his report will be published. Let us contrast that treatment with the ministerial code. Complaints are pursued only if the Prime Minister so decides, and there is no guarantee that any report will be published.

There are a number of questions that the Bill does not answer or that it does not wholly answer. For example, when do the Government intend to commence the main provisions of the Bill? Will we have an opportunity to debate the relevant commencement orders? Do the Government mean to extend the role of the new commissioner to include investigating complaints that relate to matters other than financial matters, which I have mentioned, and if so, when? Do the Government intend to transfer the other registers to IPSA, and if so, when?

Do the Government intend to transfer investigations by the Parliamentary Commissioner for Standards that are already under way to the new commissioner? If so, when will that happen? Will the new commissioner be able to use the work already carried out by the present commissioner or will he have to start investigating those complaints afresh? Finally, what are we going to do with the Parliamentary Commissioner for Standards, who was appointed for a fixed term only last year? Normally, questions of this kind could be raised in Committee, reflected on and pursued on Report. However, there is no opportunity to do that with this Bill. I therefore hope that the Government can provide some answers up front today.

I do not like this Bill. I do not like the haste with which it is being pursued. I hope that the other place will subject it to proper scrutiny. I am minded not to vote against the Bill on Second Reading, but to vote against it on Third Reading if the objectionable bits are still there, although I am also attracted by the idea of voting against the timetable motion.

6.58 pm

Mr. Andrew Dismore (Hendon) (Lab): It is an honour to follow the right hon. Member for North-West Hampshire (Sir George Young), the Chairman of the Standards and Privileges Committee. I have served on the Committee for eight years, and I am by a long way the longest-serving member on the Government side of the House. I much endorse what he said about the Bill and the questions that he raised. Also, the intervention by the hon. Member for North Essex (Mr. Jenkin) on my right hon. Friend the Member for Birkenhead (Mr. Field) about his self-incriminatory statement to the House, which currently enjoys privilege, but would not do so if the Bill went through, was very telling.

I want to raise issues relating to my role as the Chairman of the Joint Committee on Human Rights, particularly those matters relating to due process. As the right hon. Member for North-West Hampshire and others have said, the legislative timetable for the Bill is highly problematic because it makes it virtually impossible for Committees such as the Joint Committee on Human Rights to perform our important role of subjecting Government Bills to careful scrutiny and reporting to Parliament in time to inform the debate. While I understand

[Mr. Andrew Dismore]

the political imperative to act swiftly in response to widespread and acute public concern about the present system of allowances and the regulation of standards, public confidence in the institution of Parliament is the lifeblood of our democracy. There is therefore a certain irony that a measure designed to restore public confidence in Parliament is being rushed on to the statute book in a way that makes it impossible for it to receive the proper scrutiny and deliberation that such an important measure deserves by the very institution in which we wish to restore public confidence.

I shall turn to the issue of due process. A significant human rights question raised by the Bill is whether it provides sufficient safeguards to enable it to be compatible with the right of Members to a fair hearing under long-standing common law principles of natural justice that are now also incorporated and developed in article 6 of the European convention on human rights and in our own law, through the Human Rights Act 1998. It is often erroneously observed that human rights are only about unpopular causes. At present, there is probably no more unpopular a cause than ourselves in this context. Nevertheless, when subject to disciplinary proceedings, hon. Members are entitled to the same protection of due process as anyone else in the outside world.

The explanatory notes to the Bill acknowledge that the provisions might engage the right to a fair hearing under article 6. However, the Government argue that there is no incompatibility with article 6, for two reasons. First, the explanatory notes state that

"there are arguments that the direction or recommendation functions of the IPSA do not involve the determination of civil rights or obligations."

Secondly, the notes state that, even if IPSA's functions of giving directions or making recommendations determined a Member's civil rights, so that article 6 applied, there is no incompatibility with the article because there is

"a range of safeguards in place to ensure the fairness of the procedures of the IPSA."

I have carefully considered the Government's analysis of the Bill's compatibility with the right to a fair hearing under article 6, and I have to say that I do not agree with their analysis. However, because of the timetable, I have not had a chance to engage in correspondence with the Government, as I would normally do as Chair of the Joint Select Committee on behalf of my Committee, to discuss the issues and thrash out the arguments in detail. The Government's view that article 6(1) of the convention does not apply to the disciplining of Members is untenable in the light of the very serious consequences that might result for the individual concerned. The available sanctions include expulsion from the House, suspension, the withholding of salary and the ordering of the repayment of money. Any of those sanctions could also have a serious impact on the Member's reputation. That was expressly recognised by the Joint Committee on Parliamentary Privilege in 1999, when it stated that

"in a particularly serious case a member faces the prospect of suspension and significant financial loss and, which may be more worrying for him, the destruction of his political career."

Indeed, we have seen that happen in recent cases before the Standards and Privileges Committee. The Joint Committee went on:

"Even when a member is not suspended, the electorate may react adversely to his conduct as revealed during investigation of the complaint made against him."

The Committee on Standards in Public Life, in its eighth report in 2002, also recognised the serious consequences for an accused Member.

As Chair of the Joint Committee on Human Rights, it is my view that article 6(1) of the convention applies to the disciplining of Members by the House of Commons. Sometimes the nature of the allegation will be such that its determination amounts to the determination of a criminal charge—for example, when the complaint is that the Member has acted fraudulently. In such cases, the criminal limb of article 6 will apply, complete with its higher procedural protections.

In other cases in which the allegations are less serious, a Member's civil rights will be determined by the proceedings, particularly in view of the seriousness of the consequences for the Member concerned. Not only will this often have financial consequences for the Member, which in today's Strasbourg case law is often seen as sufficient to qualify as a civil right, but it will always have serious consequences for the Member's reputation and might affect their ability to pursue their livelihood. The Joint Committee on Parliamentary Privilege pointed out in its reports that several witnesses had drawn its attention to the application of article 6, including Lord Bingham, the then recently retired senior Law Lord who was then Lord Chief Justice.

The Government argue that, even if the right to a fair hearing as stipulated in article 6 applies—as I say, it does—the procedural safeguards in the Bill are sufficient. However, the only procedural safeguard in the Bill is the right of a Member who is the subject of an investigation or complaint to make representations to the commissioner and to IPSA about that investigation or complaint. That falls well short of the set of safeguards that the Joint Committee on Parliamentary Privilege described as the "minimum requirements of fairness". It also falls well short of what is required by article 6, and of the common law principles of natural justice set out in case law going back over decades.

The Joint Committee concluded, in the light of the seriousness of the consequences for a Member, that it is important that the procedures followed in the investigation and adjudication of complaints should match contemporary standards of fairness. The Committee stated:

"While fairness is fundamental to any disciplinary procedure, the more serious the consequences, the more extensive must be the safeguards...In dealing with specially serious cases, we consider it is essential that committees of both Houses should follow procedures providing safeguards at least as rigorous as those applied in the courts and professional disciplinary bodies."

The Committee is trying to create a system that somehow mirrors the way in which outside professional bodies are regulated. We should have the same safeguards and procedures as those that are expected for outside bodies such as the British Medical Association, the Law Society or the Bar Council.

Those principles are set out in common law, in article 6 and in the Joint Committee's report, which includes reference to a

"prompt and clear statement of the precise allegations against the Member...adequate opportunity to take legal advice and have legal assistance throughout...the opportunity to be heard in person...the opportunity to call relevant witnesses at the relevant

time...the opportunity to examine other witnesses...the opportunity to attend meetings at which evidence is given, and to receive transcripts of evidence."

None of that is in the Bill as it stands, but it is all required under long-standing principles of our law, as laid down by the courts and, more recently, by article 6. It is required by public bodies generally.

Mr. Grieve: I am following carefully the hon. Gentleman's arguments, which seem to be well founded. Does he also agree that another oddity of the enforcement provisions is that there will be a requirement on IPSA to prepare a protocol on how it operates with a number of other bodies, including law enforcement bodies such as the Director of Public Prosecutions? In the absence of that protocol being available for consideration by the House as we are debating this legislation, how can we determine whether it would be compatible with the provisions of article 6? The sanctions could come not only from IPSA but from other bodies as a result of IPSA's inquiry.

Mr. Dismore: The hon. and learned Gentleman makes an important point, with which I agree. A subordinate point relates to double jeopardy, which is dealt with under the present arrangements by the commissioner suspending his inquiry pending the outcome of police investigations. Indeed, that has happened in relation to the recent allegations. However, there does not appear to be any provision for such suspension in the new system. Without proper scrutiny of the protocol to ensure that investigations would be suspended pending the termination of criminal proceedings, there would be a risk of double jeopardy.

The Joint Committee's report went on to say:

"In determining a member's guilt or innocence, the criterion applied at all stages should be at least that the allegation is proved on the balance of probabilities. In the case of more serious charges, a higher standard of proof may be appropriate."

The standard of proof is not mentioned in the Bill either. That could be contrasted with what happens now in inquiries by the commissioner and by the Standards and Privileges Committee, in which a higher standard of proof is applied as the allegation becomes more serious. That is entirely appropriate. Indeed, the Committee on Standards in Public Life subsequently endorsed the view of the Joint Committee on Parliamentary Privilege on that issue.

The procedural safeguards in the Bill therefore fall well short of the minimum requirements for fairness identified by the Joint Committee, by the Committee on Standards in Public Life, by article 6 and by the principles of natural justice. They are insufficient to prevent breaches of the right to a fair hearing from occurring in practice. The Government argue that the Bill is compatible with the right to a fair hearing because IPSA is independent. I assume that they are arguing that IPSA itself satisfies the right in article 6(1) of access to an "independent and impartial tribunal" in the determination of civil rights and obligations.

However, IPSA is not capable of constituting the sort of "independent and impartial tribunal" to which an individual Member is entitled under article 6(1). Its functions include devising the rules, designing the procedural safeguards—which are now at large—referring for investigation, and various enforcement powers. Such a body is not capable of providing the "independent and impartial tribunal" required by article 6. In his evidence to the Joint Committee on Parliamentary Privilege, Lord Bingham, that great jurist, expressed unease about the lack of access to any independent body—some right of appeal—regarding disciplinary decisions of the House. He said:

"I have an inherent unease at a situation in which anyone can be held to have committed what I think you might call a quasi-criminal offence and perhaps subjected to some penalty where there is no means of challenge at all...in the courts."

He went on:

"I am always rather uneasy if any decision by anybody, however wise and authoritative, is final and immune from any challenge...it would be desirable to have a route of challenge available...I would not expect the right to be exercised at all often".

In his written evidence to the Committee, he said:

"But I can...see force in the argument that the Houses should not be the sole and final arbiter in such matters. There would be scope for undesirable conflict if those aggrieved could resort to the ordinary courts."

He then goes on to make an important recommendation:

"But if an issue arose...the Judicial Committee—

of the Privy Council—

"would be a very suitable body to rule. Article 6 of the European Convention might have some bearing here."

Without getting too bogged down in the issue of privilege, a decision of the Standards and Privileges Committee could be subject to appeal to the Privy Council, with the House taking the decision in the last eventuality, as is the case now with recommendations from the Standards and Privileges Committee. An appeal level could be added to the process without compromising privilege too much.

I therefore agree with Lord Bingham's analysis that both the minimum requirements of procedural fairness and article 6 require access to a truly independent and impartial tribunal, with a limited degree of judicial supervision. Lord Bingham suggested that either House would make its own decision in the first instance, and that any party who did not accept that decision would have a right to petition the Judicial Committee of the Privy Council by way of challenge. The right of appeal would be similar to that which already exists against disciplinary decisions of professional bodies such as the General Medical Council, where the right of appeal is to the Privy Council. Why should we be any worse off than a doctor who faces severe disciplinary consequences that could jeopardise his professional future? The Privy Council is expert at ensuring that that right of appeal is only used sparingly, and that is the way forward.

Under the law, UK courts have no jurisdiction to entertain complaints of breaches of convention rights by either House or a person exercising functions in connection with proceedings in Parliament. As I said in an intervention, the effect of section 6(3) of the Human Rights Act 1998 is that Parliament is not a public authority for the purposes of domestic claims under that Act. Although proceedings for breach of article 6 are excluded by the Human Rights Act from the jurisdiction of the UK courts, in so far as they relate to Parliament, they remain within the jurisdiction of the European Court of Human Rights in Strasbourg. If the Bill is enacted in its present form, it is only a matter of time before Strasbourg makes a finding of a violation of a Member's right to a fair hearing under article 6(1).

[Mr. Dismore]

I welcome the move from the old system of self-regulation to independent statutory regulation as one that, in principle, is not only likely to enhance public confidence in Parliament, but has the potential to improve the fairness of the treatment of individual Members. However, the Bill as currently drafted is incompatible with the right to a fair hearing under article 6 and at common law as far as the principles of natural justice are concerned.

To render the Bill compatible, it needs to be amended in at least two ways. First, it should at least have inserted into it the minimum requirements of fairness identified by the Joint Committee on Parliamentary Privilege in its 1999 report and endorsed by the Committee on Standards in Public Life in 2002. Secondly, the Bill's acceptance of independent regulation should be extended by providing a right of appeal to the Judicial Committee of the Privy Council against decisions of both IPSA and the House—in my view, the Committee on Standards and Privileges—that amount to the determination of a criminal charge or of a Member's civil rights. I have tabled two probing new clauses to that effect for the Committee stage, and I look forward to the Government's response. I hope that both will be debated, as it would be a travesty if, under the tight timetable, the guillotine were to prevent discussion of such important principles.

To conclude, although I welcome the principles behind the Bill, there is a lot to be done to ensure that Members are treated fairly under it.

7.14 pm

Sir Patrick Cormack (South Staffordshire) (Con): The House has just heard three exceptionally interesting and thoughtful speeches. I appreciate that the Justice Secretary could not be in the Chamber throughout, but I hope he will read the speeches of the right hon. Member for Birkenhead (Mr. Field) and my right hon. Friend the Member for North-West Hampshire (Sir George Young), both of which would repay careful study—

Mr. Straw: Just to explain, I was out of the Chamber because I needed to attend a meeting with the Speaker.

Sir Patrick Cormack: I was not criticising the Justice Secretary in any way, but merely drawing to his attention some very important speeches. He heard some of the speech of the hon. Member for Hendon (Mr. Dismore), but he should read all of it.

Every speech made this afternoon, including the admirable one by the hon. Member for Orkney and Shetland (Mr. Carmichael), has had one theme: this legislation is being rushed unnecessarily. No one in the House is against the setting up of an independent body to administer our pay, allowances and expenses. There is a difference between allowances and expenses, which has not always come out in recent weeks. I find it slightly strange that Members who very properly—I stress this—have claimed the whole allowance for a very large mortgage, have come in for very little criticism, whereas some of those who might not be so well off, and who have claimed for certain items of furniture and perhaps a modest rent, have been crucified. We ought to bear those points in mind, and I hope that Sir Christopher Kelly will do so; a lot rests on him.

We are having this debate because the Prime Minister has panicked over the bad publicity in the past few weeks. He has been responsible for some of that bad publicity. I have been in the House for 39 years, and I have never known a time when morale has been so low, when Members in all parts of the House have been so depressed, and when their families have been so depressed. We owe it to those who sent us here to put our house in order as quickly as we can, as far as pay and allowances are concerned. When two or three Members gather together, the talk is not of recession, Afghanistan, health or education, but of pay, allowances and expenses. We need to get away from that, and to become a Parliament again, in the fullest sense of that word.

I could not help but think of Horace Walpole's diaries of 1759—the annus mirabilis—in which he said that every time one went down to breakfast, one had to ask for news of the latest victory; it was a wonderful time of rejoicing. Some years ago, the Queen said that she had had her annus horribilis. We have had ours this year: every time one gets up in the morning, people ask what is in the paper and which colleague has been fingered. We need to move away from that, but not by panicking into bad and unnecessary legislation.

I repeat that it is right that we give the responsibility for the financial matters to an outside body. I have always felt that the salary, allowances and expenses for parliamentarians should be fixed at the end of a Parliament for the whole of the next Parliament, perhaps with some index for inflation. No Parliament should then be in the position even of being tempted to adjudicate on its own remuneration. I hope that Sir Christopher Kelly and his committee will come up with a recommendation along those lines.

However, we must concentrate this afternoon on the other clauses of this extremely hastily drafted Bill. It really is monstrous that it should be pushed through with such indecent haste. At the very least, as the hon. Member for Orkney and Shetland said, we should have had another two days next week. We could quite easily have divided the Bill into two and dealt with its financial provisions this week, allowing for some proper scrutiny, in which the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) and the hon. Member for Hendon, as Chairmen of their respective Committees, could have taken part, and in which the privileges report—extensively quoted from earlier—could have been studied by Members. We could then have come back in the autumn—in September if the Government preferred, or in October—and dealt with the other aspects of the Bill if, by that time, we felt that a Bill of that sort were necessary.

At the heart of this debate is the very purpose of Parliament and the function of Members of Parliament. We are sent here by our constituents, and in the immortal words of Burke, we owe them not just our industry but our judgment. When we have fulfilled the term of the Parliament, it is up to them to decide whether they wish us to return. The privilege that we enjoy is not a personal privilege that belongs to me as the Member for South Staffordshire or to my right hon. Friend as the Member for North-West Hampshire; it is the privilege of the electors of North-West Hampshire and of South Staffordshire that enables us to speak without fear or favour in this House.

All that is at risk because of this Bill. I have never known a time when the Clerk of the House thought it proper to send round the sort of letter that we received at the end of last week.

Sir Alan Beith: The Clerk's memorandum was his very proper response to a request from the Justice Committee that he give evidence, which would be followed up by oral evidence taken tomorrow, meaning that members of the Justice Committee will not be able to take part in those proceedings tomorrow because they will be listening to the oral evidence from the Clerk of the House.

Sir Patrick Cormack: I am grateful to the right hon. Gentleman, and we owe his Committee a real debt of gratitude, but what he has just said again underlines the absurdity of our proceedings. He and his fellow members cannot be present because they are listening to material evidence that is concerned with the very issues that we are discussing. The Justice Secretary and Lord High Chancellor is a reasonable man, so can he not just take that point on board?

Mr. Straw: I accept the compliment from the hon. Gentleman and thank him very much. At the time that the Justice Committee will be receiving evidence from the Clerk, we will be debating the lower-numbered clauses—clauses 1 to 5—and as far as I recall, they have raised no issues for the Clerk.

Sir Patrick Cormack: I am starting to run out of time, so I simply respond by saying that that does not invalidate the proposition that I have made. It is all germane to this Bill and we should have a chance to reflect on what the Clerk says. However the Clerk produced this paper, I have never before seen anything like it circulated so widely beyond the Committee that commissioned or asked for it, and it makes some extraordinarily important points.

Thank goodness the Secretary of State has at least listened to the Clerk's strictures on clause 6; we are grateful for that. Clause 8 is also significant, and the Clerk states that

"if the Committee declined to act on a recommendation, that could presumably become the basis of legal proceedings in which the Commissioner (or anyone else) sought to require the Committee to comply."

That section is important, and my right hon. Friend the Member for North-West Hampshire has already quoted what the Clerk said about clause 10:

"This could have a chilling effect on the freedom of speech of Members and of witnesses before committees and would hamper the ability of House officials to give advice to Members."

I have already referred to the Clerk's comments on our Joint Committee on Parliamentary Privilege, which have not been tagged for this afternoon's debate but, frankly, should have been because they are highly relevant.

I end where I was not going to end, but I am tempted to do so by the perceptive, thoughtful and, frankly, very compelling speech of the right hon. Member for Birkenhead, who talked about the implications of clause 5(8), which deals with outside interests. Those of us who have some outside interests have been put in a position recently whereby we are almost ashamed to talk of them. Well, I am not. I think it important that one should sometimes share these things with colleagues in the House, and I am tempted to do so by the frank way—no pun intended—in which the right hon. Member for Birkenhead shared his experiences.

For many years, I have been involved in helping to run an annual reward for responsible capitalism. It must be thought to be a good thing, as the first award was presented by the current Prime Minister when he was Chancellor of the Exchequer. Two years ago, it was presented by the present Chancellor and last year by the Foreign Secretary. It is a highly respectable and, I think, a good thing; the chairman of our judges is the former Lord Chief Justice, who succeeded the late great Lord Dahrendorf, who sadly died just a couple of weeks ago. I believe that this is immensely worth while and I think it good that Members of Parliament should be involved in it. I am proud to be involved with it. Where does my parliamentary interest begin and end? It is very similar to what the right hon. Member for Birkenhead said about his egg timer in his conversation this morning.

It would be very sad indeed if the regulations that we pass and are supervised by this new body were so interpreted and applied that Parliament became an assembly of nerds, anoraks and the very rich. That would be an extremely bad development for Parliament. It is important that we have people who have interests outside—relevant interests, interests that help to inform their contributions to debate.

We are all answerable to our constituents for the time we spend on our parliamentary work and in our constituency. I do not think anyone would ever suggest that I was less than a "full-time Member of Parliament" or a "full-time constituency Member", and yet I find a little time to do other things, and I believe that it helps me—and, I hope, indirectly—helps my constituents and the House. It is most important that we recognise this and that any body set up to look after our interests recognises it, too. I hope that the Kelly committee will recognise it.

Above all, I hope that the Government—or, if not this Government, a future Government—will put aside the oppressive parts of the Bill before us today. To have parliamentarians in a free country answerable in any way to an appointed quango is to diminish Parliament and to diminish those who sit in Parliament and to deter people from coming into Parliament in the future. What we want is an institution that truly attracts the best, and not just the best from the young but from those of all ages. A parliamentary intake that includes men and women in their 50s and 60s, as did the 1970 intake when I first entered Parliament, is all the better for that. It should not be composed only of those who come here motivated by the ambition to carry a Dispatch Box and be driven in a ministerial car—it is good that some should do so—as there is no higher calling than representing a part of the United Kingdom in this place. I fear that the Bill militates against that.

I thus beg the Secretary of State and Lord High Chancellor—both of them!—to recognise what has reasonably been said about the amount of time that Ministers have to spend, quite properly, on their duties, but to concentrate too on the financial part of the Bill and have it ready for Kelly so that his committee can indeed supervise and implement. Most of all, however, I beg the right hon. Gentleman to shy away from the establishment of an organisation that can in any way

[Sir Patrick Cormack]

seek to dictate either directly or indirectly to the elected representatives of the people of the United Kingdom in Parliament assembled.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Before I call the hon. Member for North-East Derbyshire (Natascha Engel), I should give notice that the time limit on Back-Bench speeches will be reduced to 12 minutes thereafter.

7.30 pm

Natascha Engel (North-East Derbyshire) (Lab): It is a privilege to follow the hon. Member for South Staffordshire (Sir Patrick Cormack), who is the only man in the House who pronounces "Parliament" properly. I am still learning.

I want to make some general points about the establishment of an Independent Parliamentary Standards Authority. They will be much wider than the points that have already been made today, although those were extremely important. Like others, I am concerned about the fact that the Bill is being rushed through in this way. Given that it is being dealt with in a mere three days and that we were told only last week that it was to be debated, I do not think we are being given enough time to debate a measure with such potentially far-reaching consequences not just for the House but for those outside.

Understandably, we all feel that we must act decisively to deal with what has been revealed about our discredited expenses system. An absolute scandal has been caused by the way in which we make our claims and the way in which they are agreed, and we all understand the public outrage that that has prompted when we go back to our constituencies and talk to people about it. What angers them so much is that we make rules by which they must abide and then seem to make separate rules for ourselves, and what worries me about the Bill is that we seem again to be making rules for ourselves that are different from the rules that we require our constituents to observe. They used to be more lax, but now they are much more severe. We should not make rules that are different from those applied outside the House.

What got us into this mess in the first place was our failure to recognise that, as many other Members have pointed out, what we do here is about representation. Much of the expenses scandal has concerned the way in which we represent people. Like a number of other Members, I have taken the opportunity to talk to people about what we do on their behalf, and I have been staggered by how little they know about it. It has been good to go out and discuss that, but it is clear that we have not been good enough at doing it. Unless people know what we do here in their name, how on earth can they understand the basic facts that we need second homes, that we need to furnish them, and that we need travel expenses?

When I intervened on the hon. Member for Rutland and Melton (Alan Duncan), I was trying to make the point—I do not think I made it very clearly—that if people really do not understand what we do here on their behalf and find it hard to comprehend how they influence the decisions that we make, we are putting the cart before the horse if we discuss tweaking the expenses system, how we are paid, who pays us and how much we are paid. If Parliament is about anything, it is about our representing people in constituencies in the United Kingdom. We should be talking to them about what we do, but we should also be hearing from them what they want us to do. Until we know what sort of Parliament the people out there want this to be, it will be much more difficult for us to create an appropriate system of remuneration and reimbursement. We have had any number of opportunities to go out and talk to people, but we have failed at every turn.

Nick Harvey (North Devon) (LD): The hon. Lady attaches great value to giving the public an opportunity to talk to us and learn about what we do. Will she explain to whom the new authority will be accountable? It is being vested with a vast panoply of powers, and will handle huge sums of public money. If a member of the public is not confident that the money is being handled competently, or even thinks that the chairman of the authority is being rather lavish in his expenses claims, to whom will that person be able to make a complaint? It seems to me that we are replacing a very imperfect system of representative democracy with a system that will be accountable to nothing and no one.

Natascha Engel: That is at the heart of what I was going to say. There is currently a very good and direct link between the people whom we represent, their Members of Parliament, and the system under which we exist. The people still have a direct say, and the ability to vote us in or out every four or five years. Setting up what is effectively a quango will remove that next step of accountability.

I think that all Members would agree that the administration of our expenses and our pay should be put into independent hands. I have no problem with that. However, it is vital to establish the way in which such a body would be independent, to whom it would be accountable, how it would be paid, and how it would claim its own expenses. I am happy to discuss those questions, but we should not go much further at this stage, especially in a climate in which everything that we do to try to improve the position will be scrutinised in far more detail than before. Nevertheless, I entirely agree with what the hon. Gentleman has said.

In focusing on the establishment of a new body, we seem to be overlooking the bodies that already exist. For instance, we have any number of committees. The hon. Member for Orkney and Shetland (Mr. Carmichael) gave a long list of committees, along with their different functions. He also mentioned the Parliamentary Commissioner for Standards. There is clearly a conflict between the present roles of those committees and the roles that they will have following the establishment of the Parliamentary Standards Authority, and that worries me very much.

There is, I think, a level of complexity and detail that is not entirely necessary. Last week, when we had another opportunity to make things a bit better, the Fees Office published massively blacked-out receipts and claim forms. That did not just make us look ridiculous; it was another smack in the face for people outside. One of the things that we could do today is decide that addresses could be

exposed. We could regain overnight people's trust in what we do and the way in which we make claims by revealing the houses where we claim and where things are delivered.

Mr. Shepherd: The hon. Lady may not recall that the present position is a result of a statutory instrument laid on the very last day before the summer recess by the Justice Secretary—interpreting, theoretically, a motion passed by the House, but bearing very little relation to the substance of that motion.

Natascha Engel: I was making a point of principle. I think that everyone agrees that, today and this week, we are trying to address public outrage at a discredited and abused expenses regime, but I also think that there are better ways of doing that than adding another layer of complexity to what is already a very complex system.

One of the most popular words that we have used in recent weeks is transparency, but complexity and a lack of clarity lead to a lack of transparency. We should have another look at what all the different committees do and what the commissioner does. We have undoubtedly got a problem. Despite all the committees we have, we have not prevented the abuse of the expenses system. Therefore, although we obviously must do something, we must also be much clearer about what we want at the end of it, rather than just tinkering about with what we have and creating new levels of complexity. It would help if we were clear about what we wanted, and then proceeded from there. We want a much clearer and simpler, and thereby a much more transparent, system. As a part of that transparency, we should agree to get rid of the blacking-out of addresses. I hope that that answers the question of the hon. Member for Aldridge-Brownhills (Mr. Shepherd).

The people who have elected us do not merely want us to stand up for their beliefs. Although I may hold different views from those of some of my constituents, many of them want me to represent my views here in Parliament. What they fundamentally want from every Member of Parliament, however, is for us to be honest. That goes back to the point about our creating an extra level of complexity. We must not fudge the fact that what people really want is for us just to be honest. We must do what they want in that regard by, for example, publishing as much as we can. Regardless of what the law may be, we can choose to publish all the addresses that we want. That must be done collectively, however.

Another point that Members have made today bothers me. We only recently decided that the review of MPs' expenses should be handed to Sir Christopher Kelly and the Committee on Standards in Public Life. We have heard today from any number of Members who gave evidence to that committee this afternoon, yet here we are trying to legislate on a Bill that will have consequences for the outcome of that committee. That worries me. I also made a submission to the committee. It prevents the committee from being as considered and thoughtful as it would like to be if we are either pre-empting its outcome or saying to it, "Whatever you do, we have already legislated for this. Therefore, whatever comes out of your review could be in some way restricted." I think that that is wrong, and I wish that we had allowed the Kelly committee to report before we had moved on to consider this Bill.

Mr. Straw: May I reassure my hon. Friend on this? We have worked out the structure of this authority in such a way as to fit in with the recommendations of Sir Christopher Kelly's committee, which will come to this House first. The Bill deals with structure, administration and adjudication in respect of the allowances system, and Sir Christopher's committee is principally concerned with the content of those allowances. There is no reason, particularly given the timing, why those two should conflict. We have got to do this now for reasons that I think my hon. Friend understands.

Natascha Engel: I do not entirely agree with that. The motivation for introducing the Bill is to address the problems that have been very well documented and to say to the people outside this Chamber, "We understand and agree with your outrage, and we are doing something about it." On the timing, I do not think that there is any mad rush. We do not need to have something on the statute book within a week. We want to take responsibility and accept the consequences of what we have done, but agree that we need to sort this out for the next generation. Regardless of whether they have made a claim, every incumbent MP is tainted by this expenses scandal. We need to make sure that, as far as possible, the next Parliament can start afresh.

Democracy is a messy business and Parliament is messy, and there is no system that is not open to abuse in some way—and there are some very creative people in Parliament. However, we need to accept collective responsibility for what we have done, and say to the next generation, "The systems that put the checks and balances on Parliament are as good as we can make them." Therefore, I do not think there is any mad hurry, and that instead we need to do things in sequence.

The Sir Christopher Kelly committee should be given the time to interview as many people and to take as many submissions as it wants, and to go out and talk to members of the public and ask them what they want, and take some submissions from them. I do not know how many members of the public made a submission to the Kelly committee, but I would like to know. I suspect that a lot of parliamentarians made submissions to it, however. All of this is about saying, "This is the sequence in which we are doing this job. This is the right way to do it." We should not push forward in an unseemly hurry just to make it look like we are doing something. We have done that time and again before, and every single time we have really messed it up.

7.46 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): My intervention in this debate as Chairman of the Justice Committee follows contributions from the Chairmen of the Standards and Privileges Committee and the Joint Committee on Human Rights, and all three Committees have serious concerns about aspects of this Bill. If that, combined with speeches such as that which we have just heard, does not make the Government realise that they have got to rethink substantial parts of it and step back from this great rush, I do not know what will.

It was the Justice Committee that sought the memorandum from the Clerk of the House that has been at the centre of the debate, and we will take evidence from him and others tomorrow at 5 o'clock. As the Lord Chancellor has pointed out, the programme

[Sir Alan Beith]

motion defers some of the relevant clauses until Wednesday and we intend to see that Tuesday's oral evidence is printed overnight so that it will be in the hands of Members on Wednesday, but that is still not a satisfactory way of dealing with a matter of this kind.

I welcome the transfer of responsibilities for allowances and pay effectively to what is at this stage a combination of this new body, the Senior Salaries Review Body and the Committee on Standards in Public Life. We need to put that work outside Parliament—to contract it to somebody else—as it should not be done by us. The new body needs to be a more effective paying and withholding body for pay and allowances. I say "withholding" because I do not regard the refusal to pay an allowance as a disciplinary measure. I think that is the proper application of a scheme of allowances and expenses. The role I see for the body set up under the Bill is to operate the scheme, to pay allowances when it considers they have been appropriately claimed within the rules and not to do so otherwise, and to be in a position to be entirely firm about how it handles such matters, which has not always seemed possible for the Fees Office in the past, and has led to this very unsatisfactory situation.

Protection, however, needs to remain around the rights of Parliament. That protection is underpinned in one respect in the Bill by the recognition that Parliament should take any disciplinary processes that arise from things going wrong in the system once the existence of a possible disciplinary offence has been identified. I am glad that that principle is recognised, as it is a very important one, but that does not solve the problems. The inclusion of new criminal offences has raised the problem of double jeopardy, which needs to be considered seriously, and several aspects of the drafting impinge on rights in the European convention on human rights, as the Chairman of the Joint Committee on Human Rights has explained. Several clauses appear to infringe the principle that Parliament and the courts do not call into question each other's decisions, as stated in article 9 of the Bill of Rights.

I want to turn to the constitutional areas that the Clerk identified in his evidence to us. Happily, I can dispense with what I was going to say about clause 6 because of the Government's welcome decision not to proceed with it. Clause 7 raises questions, however. As the Clerk says, for example:

"If the House were to punish for a failure in respect of a requirement which was found by a court to have been unreasonable"—

a Member might have taken the matter to court, the court might have found the initial reference to be unreasonable and Parliament might have then taken action on it—we would be a short step from

"review by the court of the exercise of disciplinary powers by the House."

Even clause 7 presents a problem.

Mr. Grieve: I agree with the right hon. Gentleman's analysis. Is there not another problem? There has been some discussion about the existing powers of the House to discipline its Members. Of course, they are outside the European convention on human rights, but they are also quite rough and ready. I suppose the extreme sanction is expulsion, and there is an acceptance that it is then a matter for the electorate to decide what it will do. However, we are creating through the Bill an entire architecture of punitive measures, all statutorily vaguely defined, that might impinge on a person's reputation in a way that parliamentary sanctions never would have in the past.

Sir Alan Beith: Yes. To some extent, the reputational damage is inevitable, because of the nature of the issues and the way in which they have been highlighted in the press. To some extent, that might seem to be justified, but it means that we have to pay rather more attention than we have hitherto to the human rights dimensions and the need for due process, for example. I shall come on to another aspect of that before I conclude, but I also want to mention clause 8 and the enforcement powers, with which I do not think we should be proceeding at this stage. I believe that, as the Clerk makes clear, they give rise to considerable concern. He says:

"Clause 8(5) appears to make the exercise by the House of its disciplinary powers a matter of statute, since it seems to confer a statutory permission on the House to exercise those powers".

That might—and probably will—then make them open to challenge before the courts. As the hon. and learned Member for Beaconsfield (Mr. Grieve) mentioned earlier, the whole protocol business, with a list of bodies that, as far as I can see, is unlikely to be the permanent list because of the changes that keep taking place in the structure of government and the criminal justice system, is a puzzling element and one that could further draw us into proceedings in the courts, with potential for litigation.

I suppose I must concentrate on clause 10 because, after clause 6, that is the area that gives rise to the greatest constitutional concern. Clause 10(c) leaves us in no doubt that it is a head-on attack on the Bill of Rights. It directly quotes the Bill of Rights in order to define the area with which it is dealing:

"No enactment or rule of law which prevents proceedings in Parliament being impeached or questioned in any court or place out of Parliament is to prevent…any evidence from being admissible in proceedings against a member of the House of Commons for an offence under section 9."

In other words, notwithstanding the Bill of Rights, things will now be different. That is such a fundamental assault on a long-standing and accepted principle that I do not think that we should be rushing it through in three days of proceedings, especially when it is not necessary to do so in order to set up a body that can administer pay and allowances. If there is a rush, that is probably what the rush is for—to be seen to be setting up that body and, indeed, enabling it to start work and to be in a position to implement the detailed Kelly proposals. I can see that there is a case for trying to get that body set up during the forthcoming parliamentary recess, but none of that requires some of the other features that have been so rightly criticised in the Clerk's analysis.

In his reference to clause 10, the Clerk points out the difficulty that is

"caused by admitting evidence of proceedings in Parliament".

Either one does so in a narrow way, in which case one creates an injustice under the ECHR, creating a situation in which evidence drawn from proceedings in the House can be used against the Member but not material that might be exculpatory to the Member, or one does so in a wide way, in which case one imperils free speech, people's ability to give free evidence before Committees

and all the other things that such procedures are designed to protect. We ought not to be proceeding with clause 10. Of course, we ought to be proceeding, as the Select Committee on Standards and Privileges said some time ago, with a privileges Act to ensure that we have a proper range of protection that can cater for some of the things that have now arisen.

It is abundantly clear from today's debate that there is so much unease about those features of the Bill that we should not proceed with them in that way.

John Mann (Bassetlaw) (Lab): The unease is among Members of Parliament, is it not? It is not among the general public, who wonder why we have not managed to throw out people who are on the fiddle.

Sir Alan Beith: The unease among the general public is more than unease—it is anger, and a very real anger. It is not successfully addressed if what we do in the end is to create a process that undermines the rights of the public in other ways in the future without addressing that grievance. Rushing into legislation that would have the effects that I described earlier does not deal with the public anger. The setting up of an independent body to determine what pay and allowances we should receive and to police the paying and claiming of them goes some way to addressing that anger, and I welcome that. The House must ensure that it deals appropriately and effectively with those who break its rules, but it should not in the process take away the rights of our constituents. If it is going even to contemplate doing so, it should give the matter serious consideration.

At the end of the day, there is what I like to think of as a sort of Bradlaugh principle at stake here. The ultimate judge must be the electorate. Bradlaugh found that his colleagues in Parliament repeatedly refused to accept his insistence that a rule of the House was an unfair constraint on him—in his case, the rule requiring him to swear an oath that he as an atheist did not believe it right to swear. If a Member, like him, found that his colleagues in the House were unwilling to accept him as a Member on those terms, ultimately it would be the electorate who must be allowed to judge and to insist on sending him back to Parliament, saying, "We wish this man to represent us, notwithstanding the fact that he appears to have broken a rule that others find important." That is a pretty fundamental principle. Of course, it is not an easy principle even for the Member affected, who might have to fight or even finance an election without the support of his political party, under procedures that we have seen operating in recent weeks in this House. However, it is the ultimate protection and the ultimate principle.

Before we get to that point, there must be proper due process as far as any person—in this case, a Member of the House of Commons who is accused of behaving improperly—is concerned. The processes that we create should not also, in themselves, take away protections that are designed to ensure that people can give evidence to Committees of this House without fear of a penalty for doing so and without fear that the evidence they give can be adduced in court in circumstances that they did not envisage.

The Government have been presented with a very strong case today. First, they should get ahead with the creation of a body that can administer pay and allowances and, secondly, they should not rush into things that would undermine some of the most basic freedoms, which go back to the Bill of Rights.

7.57 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): This has been an interesting debate with some good contributions, including the speech from the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith). It seems to me that everybody—apart from those on the Front Bench—is unanimous in their opinion. That does not happen very often, but it seems to be the case today. I would hope that the Secretary of State will appreciate that that is not because of any politicking, but because we are all concerned about the purports of the Bill. We are concerned about the way in which it is phrased and about various sections of it. We have heard from the Chair of the Joint Committee on Human Rights, the Chair of the Select Committee on Justice and so on. We have heard from the Clerk of the House. Voluminous objections have been raised about the Bill. That must count for something, otherwise what are we doing in Parliament? What is the point of our existence in this place if those fundamental points, which we have driven home time and time again in this important debate, are not adhered to?

Why is there such haste to deal with the issue? I shall tell the House why. It is a political imperative. On the day that the former Speaker announced that he was standing down, party leaders were invited to meet him in his chambers. The Prime Minister left that meeting with one thought in his mind, and one thought alone, which was to introduce some kind of statutory code of conduct overseen by an external body. When I say "conduct" I am talking about not only financial matters but everything in this regard. That was his thought for the day, he held a press conference accordingly and that was that. I suspect that that is why clause 6, which seemed to be a declaratory clause, was included; I think it was in the Bill to appease the Prime Minister. Thankfully, it has now gone, but some parts of the Bill are still objectionable.

My next point relates to the Register of Members' Interests, the proposals on which result from a political imperative on the part of Labour Members who believe that there is some political advantage in introducing those proposals because, by and large, Opposition Members have more interests than they do. They believe that if they work things carefully and put out the idea that people with outside interests are not doing the job of an MP properly, they can gain electoral advantage too. Let us not beat about the bush, because we know why these things are being introduced.

We always say that we legislate in haste and repent at leisure, and the Dangerous Dogs Act 1991 has been mentioned—

Mr. Straw: It is still there.

Mr. Llwyd: The right hon. Gentleman, who is smiling, says that it is still on the statute book. I could also cite the Theft Act 1968, which omitted to repeal a provision in Wales whereby a person could be hanged for stealing a sheep. That is still law, but it is not good law. The fact that a law is in place does not make it any good.

Mr. Straw: Is that your best point?

Mr. Llwyd: It is not my best point. I say to the right hon. Gentleman that I know many police officers who would not dream of referring to the 1991 Act because it is impossible to do anything with it. We know that Ministers are saying, "We must do something, because the public are furious". The public are rightly furious, but they will be even more furious if we make a mess of this legislation, by trampling over the Bill of Rights and so on. The other example that one thinks of is the firearms legislation made following the awful incident that took place in Dunblane. Whereas the Dangerous Dogs Act 1991 is unenforceable, that firearms legislation made no difference, aside from the fact that it made life difficult for legitimate gun clubs.

I gave evidence today to the Kelly committee, which was interested in the haste with which this Bill was being introduced. Not only is the rate of progress an affront to the committee, but it might impinge on the work that it is trying to do. I do not propose to deal with my next point at length but, as has been mentioned, the Bill is, when all is said and done, a constitutional one. Such a Bill should never be the subject of emergency legislation—

Mr. Shepherd: On a guillotine.

Mr. Llwyd: As the hon. Gentleman says, neither should it be subject to a guillotine. We should have plenty of opportunity to examine matters on a proper pre-legislative basis and all the people I mentioned in an earlier intervention—the experts in constitutional law, the Clerk and so on—should be able to give evidence, because these are very important matters. I think we all agree that the current position is not sustainable and that it is probably right to farm out responsibility for allowances and salaries far out of the way of this House. I have never voted on a salary increase, because I did not think it right that I should do so. I believe I was offered the opportunity to vote on this issue once, in the 1992 Parliament, but I declined to take it because I did not think it was right to do so. I am happy for all that to be farmed out, but to confuse that with responsibility for conduct at large is dangerous and we should heed what the Clerk has had to say about that and, in particular, about clause 10.

The Independent Parliamentary Standards Authority will be the body to oversee conduct on allowances and so on. As a member of the Standards and Privileges Committee, I have known many instances when there has been not only a finding against a Member, but an apportioning of blame against the Department of Resources. In such circumstances, the new body would be judge and jury in its own court, so would it feel free to criticise its own department? I rather doubt that it would, so a conflict will obviously arise out of that arrangement.

The statutory basis for the code of conduct—the declaratory clause that I mentioned—has now gone, but many concerns remain, such as the point about privileges, article 9 of the Bill of Rights and clause 10. The clause is very worrying and it has been extensively commented upon in today's press and again this evening. The protection of privilege is a vital tool for everyone in Parliament, because it ensures that free speech is available to us all. We politicians refer ad nauseam to the fact that free speech is the beacon of democracy, but that is because it is and must remain so.

On a more mundane level, we all encounter cases where a company tramples on an individual's rights and acts badly towards that individual, but they have no money to take action against the company. Bringing such matters to this Chamber under privilege, albeit on a limited number of occasions, is useful and may well redress the balance, and that is very important. We know that there is an issue to address in respect of witnesses giving evidence. If they are not covered by privilege, I do not know whether they will be completely candid; the proposal in the Bill could mean that the Committee system in this place would fall into disrepute. We begin to erode the principle of privilege at our peril. We do not lightly refer to the Bill of Rights and we do not make reference to it in every debate in this place, but it is of vital constitutional importance that privilege is retained.

It is unusual for the Clerk to express his views on things of this kind in the manner that he has today. I believe that he did so because of the vital importance of this matter and that he was right to do so, because we need his expertise in this regard. He makes the point by saying the following:

"I should stress that I make no comment whatever on the merits of the Bill's policy proposals; it would be improper for me to do so. My concern is only with the constitutional implications for Parliamentary privilege (including the right of free speech) and the extent to which the courts are likely to come into conflict with Parliament thereby."

He goes on to say:

"It would mean that the words of Members generally, the evidence given by witnesses (including non-Members) before committees and advice given by House officials on questions, amendments and other House business could be admitted as evidence in criminal proceedings. This could have a chilling effect on the freedom of speech of Members and of witnesses before committees".

Free speech in Parliament is essential if abuses are to be examined, including the abuses of Parliament itself.

This debate has been a good one and very serious points have been made. I have not seen such unanimity across political parties as on this issue. I took part in the pseudo-pre-legislative scrutiny part of the Bill and, with great respect to the Justice Secretary, I must tell him that he shifted position many times on many amendments. He accepted many amendments and was reasonable throughout that particular part of the Committee stage, but that just makes that point that this has been a bad Bill from the very beginning. The fact that although it has been amended on several occasions by several Members around that table, it is still in its current condition now makes the point. I have no criticism to make of the right hon. Gentleman, or of his colleague, the Leader of the House, because they were doing their job, but this Bill was rotten from the beginning and it remains rotten now—it is a dangerous Bill too.

8.8 pm

Mr. David Heathcoat-Amory (Wells) (Con): I very much agree with what the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) had to say, in particular his concluding point about the remarkable series of cross-party alliances that we have discovered during this brief debate.

If parliamentary debate is to mean anything, this must cause the Government to pause and to take this Bill away and think again. If they must legislate quickly, they should confine any legislation to the issue of allowances and possibly the issue of pay, leaving the complex constitutional matters for further and mature deliberation.

This is indisputably a constitutional Bill, and the Justice Secretary described it as such early in his remarks, but he also described it as an emergency Bill. That should be a contradiction in terms. The British constitution is highly complex. It is partly written and partly unwritten, and it contains complex links between its various parts—the judiciary, the Government and the House. I recall going around a historic house that had a wonderful silver set laid out in one of the rooms. In order to examine more carefully—or possibly "borrow"—one of the silver forks, a member of the public pulled it towards him. What he did not realise was that an invisible thread linked all the items and they all started to move towards him. He desisted very quickly, and the Government should do likewise. Tampering with the bits of the British constitution will lead to unexpected consequences. The question of freedom of speech and the rights of the House as against the judiciary—and, in days gone by, the rights of the monarch—have at times been fiercely contested, and the civil war was partly about such matters. So the issue should be approached with humility and great care.

Remarkably, the Leader of the House who is not in her place—although she appeared briefly—has denied that the Bill contains any elements of parliamentary privilege. When we raised that with the Justice Secretary, he said, "Well, it didn't last week." All the clauses that deal with parliamentary privilege must therefore have been added since then. As the Clerk of the House says in his striking memorandum, many parts of the Bill have to do with parliamentary rights and privilege, so I do not believe that all those have suddenly appeared in the last week. If that is the case, it makes me even more alarmed.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): When those outside hear us talking about privilege, they may think that we are talking about ourselves and our privileges, but what we are talking about is the voice that we have on behalf of our constituents, and the need for that not to be constrained. It is important that people outside understand that we are not discussing our own personal benefit, but their rights to have their voice heard in this Chamber.

Mr. Heathcoat-Amory: I agree with the hon. Gentleman. Parliamentary rights—and through those the rights of the people whom we represent—would be a better way to describe them.

We are dealing today with potential statute law, and it will be the job of the courts to interpret it. The Bill is about how Parliament conducts itself, about its rights and, indeed, the powers of Committees. One feature of the Bill that has not been mentioned is that the proposed new authority will be able to interfere with our Committees. Clause 8(6) would require IPSA to produce a protocol regulating the behaviour of various bodies, including the Director of Public Prosecutions, the Commissioner of Police of the Metropolis and the Standards and Privileges Committee. Such a protocol must presumably be binding in some way. I am not a member of that Committee, but I am a member of several others, and we abide by the Standing Orders of this House. We would resent it very much if an outside agency were to tell us how we should relate to other outside agencies, but that is what is in the Bill.

IPSA must consult each of those bodies, including the Standards and Privileges Committee, but that is all. After that, its protocol would be binding. If it failed to bind, the courts would decide the matter, not this House. The Bill would export the powers of an important Committee of this House to an unelected, unaccountable quango. It is perhaps the final achievement of the quango state that we are setting up a quango to tell Parliament and its Committees what to do.

Earlier in the debate, I was worried that all this had emerged from the usual channels. Certainly the Justice Secretary implied that large chunks of the Bill had been agreed. It has been accurately asserted in the past that the usual channels are among the most polluted waterways in the world. We can all agree that private discussions between parties are no substitute for open debate. It is also dangerous when political parties agree. We all remember the Child Support Agency, which was almost unopposed in this House but created immense problems. The implications and consequences of that legislation had not been properly discussed or understood. We also had the Dangerous Dogs Act 1991. Even if this were not a constitutional Bill, it would be very dangerous to try to push it through all its stages in less than a week.

Of course everybody agrees that we must reform our expenses system, but that is happening—it is the whole point of the Kelly inquiry. Wisely, Sir Christopher Kelly is taking his time. When this issue was raised with the Justice Secretary, he said that the Kelly inquiry was much narrower. He said that it was simply concerned with setting up a system of expenses, and that the wider considerations about who should make the rules and administer and police the system were for this Bill. That was not the understanding when the Prime Minister, in desperation, set up the inquiry and wrote to Sir Christopher on 30 March. He wrote:

> "It will of course be for you as an independent Committee to consider how you wish to proceed. I am keen you should not feel bound in your discussions but free to consider a wide set of issues".

He then lists certain items that he wishes Sir Christopher to consider. The terms of reference of the inquiry are, therefore, extremely wide.

Adam Afriyie (Windsor) (Con): Is it not possible that the Kelly review may recommend that there should be no salaries and no expenses? In that case, the body that the Bill would set up would be redundant.

Mr. Heathcoat-Amory: My hon. Friend makes an acute point. We are prejudging the Kelly inquiry, and I hope that Sir Christopher will not feel bound by that. I was pleased that my hon. Friend the Member for Rutland and Melton (Alan Duncan), who opened for the Opposition, said that in government we may revisit this Bill if it becomes law. We should take careful note of anything that Sir Christopher and his committee say about it. It is important that committees are allowed to run their course, take evidence, deliberate and produce a timely report.

[Mr. Heathcoat-Amory]

I have written to Sir Christopher and his committee, as we all had the option of doing, and I included many suggestions from my constituents about the allowances system. Meanwhile, the interim rules on allowances are working satisfactorily. Like all hon. Members, I have had many angry letters and e-mails about perceived past abuses, but I have received no criticism of the interim system. We are working under an austerity package that I support. It was agreed by the previous Speaker and the leaders of the main parties. It is fine as an interim solution and there is no urgency to replace it with institutional change in emergency legislation.

This is also the worst possible time to be making such changes, when Parliament is suffering from a collapse in its self-confidence. The institutional structures that the Bill would set up would long outlive the immediate problem of parliamentary expenses abuses. To submit to an external regulator in the way that is proposed would be a mistake.

Bob Spink (Castle Point) (Ind): Does the right hon. Gentleman not think that if we are seen to be resisting legal sanctions in cases where MPs have effectively acted corruptly, as defined in subsections (1), (2) and (3) of clause 9, the public will be right to think that we still just do not get it?

Mr. Heathcoat-Amory: We are not resisting criminal law. The point has already been made in this debate that the new offences are unnecessary. We are already subject to rules against fraud, false accounting and theft. The new criminal sanctions in the Bill are redundant. We are not resisting criminal law; I certainly will not. I agree that the full force of the law should apply, but that is not at issue. This point certainly does not have general assent, but I think that the ability to make rules about salaries and expenses should remain with the House. We should take advice, we should listen, and there should be outside bodies to make suggestions, but I believe that it is up to Parliament to explain and justify to the people who sent us here what those rules should be.

We could borrow from American experience. Under a constitutional amendment, Congress does not set its own remuneration, but must set rules that come into effect after an election. That was the most recent amendment to the American constitution. It means that Congress does not set its own rules; it sets rules for the subsequent Congress. In the next day or two, I shall propose an amendment to say that we should vote on new rules, but that they should apply only after the purging effect of a general election, so that we do not set our salaries and allowances but those for the next Parliament.

The only other part of the Bill to which I wish to refer is clause 10, which reproduces much of the wording of article 9 of the Bill of Rights and seeks to override it. That is extremely dangerous. The Bill of Rights is not an entrenched Act; it can be repealed, and that is effectively what we are doing, with highly unpredictable consequences. Clause 10 protects freedom of speech, both in Parliament and on behalf of our constituents, and is wholly unnecessary. No one denies the importance of parliamentary reform, and that is the point I want to end on. Let nobody accuse this House, and certainly not me, of wanting to resist reform of our expenses. However, we must not carry out that reform by weakening Parliament, by exporting our powers to other organisations and bodies, and by overturning centuries of constitutional development, all of which is being done in a fruitless attempt to save a Government from extinction.

8.23 pm

Adam Afriyie (Windsor) (Con): Today, the aim is to introduce a Bill that will restore the reputation of Parliament, or go some way towards doing so, specifically when it comes to expenses. I wanted to make a contribution, despite having to reorganise my entire diary to do so, to voice wider concerns about the Bill, and concerns that arise because the Bill does not quite do what I anticipated that it would when it was first announced last week. I feel compelled to speak because the people sent us to this place. They have elected us to make our judgments and put forward views without fear or favour. I feel that it is a duty to make observations that we sometimes feel uncomfortable about making. I also did not want to be complicit by being silent; I certainly will not do that.

In the few minutes available to me, I want first to make a point about the fact that this is the people's Parliament. This is a representative democracy, and we are here on the people's behalf. Secondly, I want to set the framework and the context in which the Bill was brought forward. Thirdly, I want to highlight some of the pressures on individual Members of Parliament, party leaders and Parliament itself. I then want to talk about the role of an MP, which has not been discussed to any great degree in this place, and has never really been codified or identified. I then want to appeal for some simplicity in how we tackle the issues through the Bill.

First, let us be clear: we are elected representatives of the people. We are here because our constituents chose us to represent their interests and to represent the nation on their behalf. We are here to air our constituents' grievances, but also to work in the interests of everyone, without fear or favour. It is important to make it clear that this is a representative democracy; Members come here, into an assembly, to make points on behalf of the people and the nation that sent them. I make that point because, with regard to the Bill, there could be a case for considering a way in which people could feed in directly on our pay, remuneration and expenses system. Like other hon. Members, I think that the issue of pay and expenses is a special case. It is the one case in which we vote on things that directly affect our own well-being.

Another point to emphasise is that when we talk about parliamentary privilege we are talking not about the privilege of Members of Parliament, but about the people's privilege—the people's ability to express in the Chamber, through their Members of Parliament, points that otherwise may not be heard. We are talking about the ability of the public and Members of Parliament to speak to committees freely and openly. We are talking about the ability of Members of Parliament to speak freely and openly here in the Chamber, to voice sometimes controversial opinions, and to uncover things—sometimes unpopular things—that some would not wish to be uncovered. It would be incredibly difficult if parliamentary privilege were in any way undermined, and incredibly harmful to the people who sent us here.

As for the context of the debate, it is quite clear that we are living in a major downturn—a recession—and people are feeling the pain of that. It is clear that we are discussing the issue now, in some ways under coercion due to media attention, because of—I will not hold back my language—a useless expenses system that in some ways seems designed to bring this place into disrepute. That is why we are bringing forward the Bill.

Mr. Mark Field (Cities of London and Westminster) (Con): We designed it.

Adam Afriyie: Absolutely; that is why I partially take the blame. I have been here for four years, and along with many Members who have been here for longer, I have had the opportunity to deal with the matter on several occasions. I am glad that we are beginning to deal with it, but I am not sure that the Bill is exactly the way in which to do so. On the subject of earnings, there is some pressure because of the downturn, and the matter of outside interests has now been raised, too.

There is a history of failure to address the problem. It is interesting, by way of context, to look at the number of committees that already exist, and the number of mechanisms that we already have, to deal with expenses. There is everything from a Members Estimate Committee, advisory bodies to it, a Members Estimate Audit Committee, a Committee on Members' Allowances, an advisory body on Members' allowances, the Senior Salaries Review Body, the Select Committee on Standards and Privileges, the Parliamentary Commissioner for Standards, the short-term Kelly review by the Committee on Standards in Public Life, plus several others. There is lots of machinery already there to deal with some of the issues. One of my concerns about the Bill is that we should be careful about introducing yet another body if its relationship to the committees in the system is not clearly defined and carefully debated.

What are the pressures on us? First, clearly, there is the media. In some ways they performed a great function by uncovering many of the complications and discrepancies in the system. To a certain degree, they are to be congratulated on that. However, the media's aim is to sell newspapers, so a good headline is no headline at all. What they are looking for are negative headlines. The current system delivers such headlines and bad news day in, day out.

Secondly, any parliamentary candidate fighting an incumbent MP will wish to highlight every small detail they can, in order to demonstrate that they may be a better representative. The current expenses system leaves all Members open to such criticism. I shall return to that. Thirdly, political parties are a source of pressure. There is political capital to be made from highlighting how one side or the other has been misusing a system that is incredibly complicated.

To someone who, like me, came from the world of business, it is interesting that all the pressures from outside and many from within this place seem to undermine the integrity of MPs, and the information that comes through is used to undermine what we do here. I am conscious that the media will pick out one or two select sentences from the debate today to demonstrate how MPs are trying to hold back the process of reform, and so on. The pressures are enormous, but there is no countervailing pressure from this place to correct that imbalance.

There is no clear definition of the role of an MP. The role has grown and evolved. Bagehot identified a few responsibilities, including choosing a Prime Minister, expressing the opinions of the people whom an MP represents, and teaching the nation

"what it does not know".

One or two others have commented on the role, but we know, as the hon. Member for North-East Derbyshire (Natascha Engel) made clear, that the role is much bigger than that.

We have responsibilities to Parliament, to committees, to constituents, to our parties, to ourselves and our own integrity, and to our family—if we neglect our family, we will come in for criticism. We have responsibilities to support charities locally, to respond to letters, to create laws, to participate in debates, to attend votes, and to respond to the media. Members who are Ministers or who have a Front-Bench job have another job on top of that. That is a quick smattering of the kind of responsibilities we have. In any debate on the Bill, or on expenses, salaries and remuneration, we must first consider what is expected of a Member of Parliament before setting out the remuneration and allowances. The role has changed over the years.

Natascha Engel: Would the hon. Gentleman advocate job descriptions or minimum standards for Members of Parliament?

Adam Afriyie: I would not necessarily go that far, but we need to set a debate such as this in context. As the hon. Lady pointed out, our constituents do not understand quite what we do. I do not blame them. For the first few years that we are here, we do not understand exactly all the responsibilities either. To inform decision making on remuneration or considerations, one must take into account what is expected of a Member of Parliament.

When it comes to second jobs or declaring outside income and the amount of time spent on outside interests, that can be misconstrued if being a Member of Parliament is seen as a full-time, 9-to-5 job, which is not the situation. In many ways we are self-employed small business owners. We run our own offices and employ our own staff. In some ways we are paid employees for the functions that we perform in the House. In some cases we are unpaid employees, when we work, many of us, more than 60 or 70 hours a week. It is a vocation. We are trainees—novices—when we first arrive. We are part-time employees because we have long recesses, apparently. We have duties within working hours and outside working hours.

This is not a clearly defined job that implies that there should be a salary. There were allowances from the 1300s to the 1700s, and they were reintroduced in 1911 by Lloyd George. He said:

> "When we offer £400 a year as payment of Members of Parliament it is not a recognition of the magnitude of the service, it is not remuneration, it is not a recompense, it is not even a salary. It is just an allowance."

That was to reflect the fact that people come from different walks of life and have different financial means. The allowance was intended to enable those with lesser means to perform functions in Parliament, but it was not a salary. I am a little concerned that we have slipped into using "salary" for parliamentary moneys that are transferred to Members when, in fact, they are not necessarily a salary.

[Adam Afriyie]

To make the debate a bit more exciting, I should say that £400, if translated into current-day average earnings, amounts to somewhere between—we can argue the figure—£140,000 and £250,000. That is the context in which the issue ought to be considered. I am not arguing for that amount, so please let nobody assume that I am. *[Interruption.]* I notice that some people are nodding, saying "No, do argue for it", but I am not going to do so. I merely observe that those moneys are not necessarily a salary, and that there may be a simpler way to tackle the issue. I hope that the Kelly review will consider that.

I am very much in favour of simplicity, but I am concerned that the Bill adds another layer of complexity. We are in danger of repeating mistakes, by just adding more bodies, by not tackling the underlying issue and by creating a system that is as ugly as that which we are attempting to replace. The Bill is too hasty and knee-jerk; we need a better debate about the role of an MP and what they should be paid for. Some direct input by people into the review would be very helpful. The Bill is either too narrow or too broad—but it has certainly come too soon and without proper consideration.

8.36 pm

Mr. Andrew Tyrie (Chichester) (Con): Legislation is certainly needed to restore public trust in Parliament, but this is a grossly inadequate Bill. Almost every hon. Member who has spoken has agreed with both points—except, I am afraid to say, the Front-Bench spokesmen. They, and the Government Front-Bench team, in particular, are infected with a toxic combination of pre-election fever, panic fuelled by the leaks on expenses and the public's reaction to them, and a mistaken belief that just by doing something we can somehow insulate ourselves from the political damage that has been done.

That is why we have what the Secretary of State has called emergency legislation. The Bill contains serious legal, constitutional and practical flaws and, even more importantly, fails to ensure the delivery of the two reforms that are essential for the restoration of public trust. For those reasons, I shall not support the Bill if there is a Division.

The two essential reforms are, first, that the setting of MPs' pay and pensions should be removed from MPs' direct control, because we should no longer be expected or allowed to set them directly by a resolution of the House; and, secondly, that the use to which allowances are put should be subject to full transparency—as much as is practicable under the law.

I have been a vigorous advocate of both changes for many years, and I proposed them to the democracy task force, on which I sat. It was chaired by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), and its members included the former Cabinet Secretary Lord Butler and my right hon. Friend the Member for North-West Hampshire (Sir George Young). It was plain to us that, whatever the Senior Salaries Review Body might recommend, as long as we MPs vote on each change to our remuneration, the public will believe that we are just feathering our nests. Until full transparency is in place, the public will also continue to believe that we misuse allowances once we get them.

The Bill does at least take the setting of allowances out of our hands, but it leaves salaries to be set by resolutions of the House. That is what has led to problems almost every time the Government have sought to table such motions. If we are to legislate, we should at least be allowed to do it properly so that it covers pay and pensions. I have tabled an amendment to achieve that—at least, on pay.

Mr. Grieve *indicated assent.*

Mr. Tyrie: I am pleased to have a nod of support from my party's Front-Bench team, and to have had one when I intervened on my hon. Friend the Member for Rutland and Melton (Alan Duncan) in the hope that I could generate support for that amendment.

The Bill hands allowances to the Independent Parliamentary Standards Authority, which can then vary them without resolutions of the House. However, that alone will not restore public trust unless it is accompanied by a requirement on IPSA to ensure that allowances are subject to the maximum practicable scrutiny. That could be achieved through an amendment to clause 3, but there has not been one yet and I have not had the time to table one. If we have learned anything from the past few weeks, it is that transparency can and should do most of the heavy lifting by limiting unjustifiable claims and bolstering public confidence.

A good number of the legal and constitutional flaws have already been flagged up. Clause 6 was a casualty, dead on arrival, and clause 10 looks pretty vulnerable given some of the things I have heard. Several other clauses, particularly those that create double jeopardy, might well follow.

Mr. Grieve: My hon. Friend is right to identify clause 10 as extremely controversial. A lot has been said tonight about its undesirability, and one of the ironies is that if it were to go, the entire architecture of the Bill's regulatory structure—the punitive aspects—would go with it. My hon. Friend may agree that that encapsulates the lack of proper thought given to that aspect of the Bill.

Mr. Tyrie: I agree with every word of that. It is consonant with what the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) said on the same point. He listed a number of other serious flaws in the Bill.

As my hon. Friend the Member for Windsor (Adam Afriyie) said, we have had so little time to consider the Bill or hear the views of outside experts; it is difficult to know just how bad the Bill is on the basis of the first few days in which we have had the chance to consider it. The sensible course now must be to await Sir Christopher Kelly's report and then—only then—to create a new framework for allowances that accommodates his recommendations. That, of course, might mean coping with several more months of awkward publicity, but that is certainly preferable to coping for years with what could turn out to be seriously defective legislation at the heart of our democratic process.

It might also mean amendment of Sir Christopher's recommendations. It must be mistaken to say in advance, as all the major parties appear to have, that we will implement all Sir Christopher's recommendations before they are even published. The Liberal Democrats have adopted a particularly absurd variation by saying that they will accept his recommendations

" 'blind'—before we see them".

They then suggest that we should pass a resolution of the House within the next few days to ensure that that is achieved.

Of course we should lean heavily in favour of Sir Christopher's recommendations, but his proposals could contain flaws or the odd shortcoming, and our job is to make sure that he has things right before we legislate. I am sure that he would expect us to do that, too, just as I am sure that he is annoyed by the pre-emption of his report embodied in the Bill. His proposals should be subject to proper scrutiny by examination in Parliament, including by a Select Committee, before they become effective.

The Government's almost panic-stricken determination to rush the Bill through the House in three days illustrates so much of what is wrong with how we now make our laws. It exposes the shallowness of the Government's professed commitment to improve how the House scrutinises legislation and the Executive. And, if we allow the Executive to get away with this, that will confirm the public's suspicions that Parliament counts for little these days in the face of an increasingly presidential Government.

The Lord Chancellor described the Bill as "emergency legislation". We certainly have a crisis, but I do not think that we have an emergency. I hope that the House of Lords will now scrutinise the Bill carefully and at a more measured pace. I particularly hope that it will attach a sunset clause; anything called "emergency legislation" probably warrants one. That would force us to consider in a more measured way what was needed for the longer term once we had the Kelly report. It would also give us the opportunity to implement Sir Christopher's recommendations, some of which may well have a bearing on the shape of the Bill, and to consult others, including the public. Only with the support of the public will it be worth legislating in the first place.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. May I say to the House that after the next speaker has finished I propose to reduce the time limit on Back-Bench speeches to eight minutes?

8.44 pm

Mr. Bernard Jenkin (North Essex) (Con): I very much enjoyed the speech by my hon. Friend the Member for Chichester (Mr. Tyrie), who conducted himself in a typically measured and cautious way. I may be about to be less cautious in my response to the Bill.

The real test for the Bill is to ask whether it will make Parliament work better, whether it will make better MPs, and whether it will really address the anger that British people feel about MPs. I would submit that it will not, as currently drafted. Our expenses claims are not the sole source of the despair about politics and politicians in our country: the disillusionment of voters has far more profound causes. My hon. Friend the Member for Windsor (Adam Afriyie) spoke about the role of MPs. Why does Parliament exist? It exists, and it has always existed, to protect the public interest and the freedom of the citizen. It does so in three ways: by holding the Executive to account to prevent the abuse of power; by ensuring that legislation is well drafted and fit for purpose; and by scrutinising public spending to ensure value for the taxpayer.

That is what we should be doing in this House for our constituents, but are we collectively doing a good job? In recent decades MPs have become increasingly ineffective, and much of the public anger now directed at MPs over expenses must be attributed to that wider failure. I have come to support the principle of independent regulation of MPs' expenses, as I set out in a supplementary letter to the chairman of the Committee on Standards in Public Life, who raised the question with a group of MPs who were giving him informal evidence. However, it is perfectly possible for the Bill to achieve the objective of independent regulation without compromising fundamental constitutional principles that have underpinned our democracy for more than 300 years.

Mr. Straw: I know that it is commonplace to say that MPs have become less effective than they were, but all the evidence, including evidence given before the Committee that I chaired three years ago, shows the reverse. On every single measure, MPs are more effective, more assertive and more independent. Aside from the important issue of time spent in this House, where I accept that there is a problem, they have become more effective.

Mr. Jenkin: I invite the Justice Secretary to listen to my arguments.

The Bill further undermines MPs' independent capacity to represent the interests of their constituents in the national interest. As the Justice Secretary said, the House of Commons already sits shorter and shorter hours. Recesses seem to get longer and more numerous. An increasing number of decisions are taken other than in Parliament—in Whitehall, in Brussels, or in the courts, and increasingly not even in our own courts. Legislation increasingly passes through the House of Commons without being scrutinised, this Bill being a case in point, as my hon. Friend the Member for Chichester remarked. Ministers have more and more order-making powers, and there is more and more delegated legislation. Ministers have become legislators in their own right, not least when they sit in the EU Council of Ministers. More and more public money is voted through without any semblance of debate.

At the state opening of Parliament, we slam the door of our House in the face of the sovereign's messenger to signal the hard-fought independence of the House of Commons from the Crown, but these days such a ceremony is becoming an ironic charade, as today's Prime Ministers have more unfettered power and control over Parliament than any monarch for at least 300 years. The powers of the Crown are vested in the Prime Minister, and he virtually controls Parliament. Only the Government determine the timetable for the House's business, only the Government have the power to determine changes to Standing Orders, and only the Government can table a motion to suspend the time limit on sittings.

Before the second world war, the Government payroll was perhaps a little more than 50 MPs, and a sitting MP who accepted ministerial office was subject to what today's radicals would call "recall"—that is, they had to resign and fight their seat in a by-election. Today, the payroll has nearly trebled to more than 140 MPs, and ministerial office is just one of the bribes and threats

[Mr. Jenkin]

that a modern Prime Minister can hold over MPs without consequence. The proposal for the regulation of MPs without the regulation of Ministers, as my right hon. Friend the Member for North-West Hampshire (Sir George Young) pointed out, graphically underlines the disparity in power that now exists between Parliament and the Executive whom we are meant to be holding to account.

With Parliament so powerless, the voters share that sense of powerlessness. It fuels the anger and outrage about our expenses, the failure of the whole political class, the loss of control over issues such as immigration, the reams of meaningless and unaccountable laws, the endless taxation and waste and the untouchable tyranny of officialdom. That is why the British National party now wins seats in European elections.

It is ironic, at a time when everyone seems to agree that the House of Commons has become too weak and the Government too strong, that the Government should bring forward this Bill to regulate Parliament with a new quango, new criminal offences specific to MPs and, according to the Clerk of the House, new limitations on parliamentary privilege that will have what he calls a "chilling effect" on free speech.

The Bill of Rights of 1689 came about as a reaction to a long period of monarchical rule during which Parliament was either ignored or did not sit at all. It limited the royal prerogative and established key rights for Parliament, not least the right of free speech. This Bill threatens to turn the clock back, not forward, and to put MPs more in fear of the apparatus of the modern state, not make them stronger or more independent.

As the right hon. Member for Birkenhead (Mr. Field) pointed out, the unworkable requirements for the declaration of outside interests are not neutral but designed to cow MPs by creating a sense that outside earnings are invidious. The role of MP need not be a full-time job—as has been asked, how else do so many MPs also have time to serve as Ministers? MPs are becoming more like party drones than independent tribunes of the people. They should be representatives, not party delegates. They should represent their constituency at Westminster, not their Westminster party in their constituency. MPs today are expected to behave more and more as employees of some kind of corporation, not to exercise their individual judgment according to conscience. That is why we should not have a job description. Mine is written every time I stand in front of my constituents for re-election.

Some day, this House must demand back from Government what successive Governments have taken away. A competent Government need a strong Parliament to hold them accountable, and there is certainly no evidence that weaker Parliaments have made Governments any better. The Justice Secretary perhaps started a process of reversal with his concession about clause 6, but he will need to make many, many more concessions before the Bill wins my confidence. I shall certainly vote against the time limit on consideration of the Bill, which exemplifies everything that has gone wrong with the governance of our nation.

Ultimately, we need a new House of Commons with fresh blood and a fresh mandate to reclaim the rights and powers that should not be the property of our rulers but belong to the people, and should be safeguarded in this House by the representatives they send here to safeguard their freedoms.

8.53 pm

Mark Durkan (Foyle) (SDLP): It is a pleasure, if something of a challenge, to follow the hon. Member for North Essex (Mr. Jenkin). I agree with a couple of his points, one of which is his appeal to ensure that the matter of second jobs is not used to turn this into a House of Stepford Members, where people behave in a standard, robotic, stylised way because they all come from one think-tankish gene pool. He also made the useful point that people's confidence in Parliament is not just about expenses. We need to remember that people are asking basic questions about the worth of Parliament.

Here in the Chamber last Wednesday, some of the things that were said in the debate on Iraq, when points about Parliament's role in determining the details of an inquiry were ducked and evaded, gave people room to question the worth of Parliament. On the same day, there was a debate in Westminster Hall on Equitable Life. People from all parts of the country have written to us about that predicament. It seems to be the will of the majority of MPs that that be addressed, but when people see the Government question that will, and question the word and work of the parliamentary ombudsman, they will again question the worth of Parliament. So those issues need to be addressed.

Like some others who have spoken in the debate, I took part in the discussions downstairs that the Secretary of State for Justice chaired, during which, as the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) said, the right hon. Gentleman was very reasonable. Unlike some Opposition Members, I believe that the Government are approaching the matter not in a blind panic, but with a clear purpose. Some Members have asked why the measure is needed, suggesting that worst of the expenses scandal is over. We do not know that. The publication of last year's claims is still to come and we do not know what new confections and conflations may appear.

If we recess in July, without doing anything other than change the Speaker, people will be scandalised and say that we simply do not get it. If we say that we will leave matters till the autumn, what will happen over the summer, as more newspapers drill into all sorts of aspects of expenses and so on? What will happen if the main parties' conferences, which are held in the autumn, instead of being used to set out stalls for the forthcoming election, are again seized by concerns and disputes about parliamentary expenses, with parties perhaps contending with each other about who is to blame for not dealing with the problem? People will then regret not passing decisive legislation now to tackle some of the problems.

It has also been suggested that we can do nothing until Christopher Kelly reports. I do not accept that. If we all agree, as we say we do, about the principle of an independent parliamentary standards authority, and independent oversight, administration and management of payments and allowances, let us be mature enough to put it in place.

We have to await Kelly's findings before we take action on some issues. Clearly, we need to introduce legislation that is Kelly-compatible or Kelly-ready. I accept that some parts of the Bill go too far and are too pre-emptive or prescriptive and will perhaps require Kelly to make particular recommendations. We should not fetter Kelly's discretion. Clearly, the Government have already reflected that view in taking action on clause 6. During the discussions downstairs, I suggested that the Bill should be entitled, "Parliamentary Standards (Finances) Bill" or "Parliamentary Standards (Allowances) Bill".

Mr. Grieve: The Government are right that the matter needs to be addressed urgently. Public disquiet is clearly great, and there has also been great anger. If the Bill were confined to the process of setting up, in anticipation of Kelly, a system whereby our allowances and eventually our salaries were tackled outside the House, by an independent authority, it would go through quickly and command widespread acceptance. However, the Bill contains punitive regulatory provisions, which have constitutional implications. From what has been said so far, the House clearly takes the view that there has been insufficient time to consider them.

Mark Durkan: I accept the hon. and learned Gentleman's point, but if the Government are to make adequate provision, the Bill must cover more than the Opposition suggest. If Sir Christopher Kelly reports in the autumn, we will say that we need time to digest the contents and to prepare legislation. Meanwhile, many Members will scream that a general election is needed urgently. On the one hand, some hon. Members claim that we must take time to do things properly, while on the other, they scream that they want a general election urgently. They also say that they want the matter resolved before the end of the Parliament, so that it is not a problem in the general election campaign or for the new Parliament, which would have to legislate on expenses.

People cannot have it every which way, but that is what they seem to be trying to achieve in this debate. The Government are right that we need clear legislation to be ready to plug in properly to the various Kelly recommendations. That legislation needs to be fully in place and fully activated, hopefully well before a general election. All the preparatory work—not just the preparatory legislative work, but the work to set up the authority and to scope out its requirements—needs to follow the passage of the legislation, which is why that legislation needs to be in place before the recess.

Alan Duncan: Given where the hon. Gentleman sits for and what he has said about outside interests, what is his view on those Members, whose work here many would say should be a full-time job, who also sit in another Parliament or Assembly, doing work that many in those legislatures would also say should be a full-time job?

Mark Durkan: I have clearly said that in Northern Ireland, for instance, we need to set a clear point in the electoral cycle when dual mandates end, whether that be at the next Westminster election, so that people do not continue to hold both positions, or at another time. I have already made it clear in my constituency and elsewhere that if I stand at the next Westminster election, I will not continue as a Member of the Legislative Assembly. Those standards will be reflected in our submissions to the Kelly review. Unfortunately, the Kelly review is taking evidence in Belfast on Wednesday, when the House will be scrutinising the Bill in Committee. Indeed, there will also be other legislation to consider, but we cannot be in both places, so we are left with a dilemma. Do we attend Kelly to show our interest in that process or do we attend here to show our due diligence in relation to parliamentary standards? Indeed, that is a problem that does not even take in the question of membership of the Assembly or anything else.

It is important that we should take care in respect of this legislation. There are things that will need to be tweaked. There are also things where we perhaps do not need to press the "delete" button, but where we need to press the "save in draft" button, so that we can return to them post Kelly. There are also some things missing from the Bill that need to be there. For instance, there is no reference at all to taxation. It is quite clear that part of the public scandal and concern about MPs' expenses relates to capital gains tax on properties that were funded—or partly funded—through allowances from the House. There is also the question of work-related expenses that might be claimed. We know that some exotic and expensive items were refused by the Fees Office, but perhaps they were claimed—or could be claimed—as work-related expenses. IPSA needs to provide guidance to Members on what is appropriate in that respect and to engage directly with Revenue and Customs, reference to which is also missing from the Bill. There are references to the Treasury and so on, but not to Revenue and Customs.

There should perhaps also be references in the Bill to the Cabinet Office, because there were clearly issues in relation to the expenses of Ministers, particularly where grace and favour homes were in play. The Cabinet Office has a role, because if Ministers receive expenses and allowances in that way, the Executive have to take some responsibility for administering them and for navigating that particular twilight zone, rather than just leaving that to IPSA. Therefore, the role of the Cabinet Office in all this needs to be reflected too.

If we took the time that some hon. Members seem to be suggesting, the public would think not that we were taking care, but that we do not care. They would think that we did not understand their shock and disgust. The question is not whether the Government are listening to the House, which is the test that some hon. Members have applied this evening. The question is whether the House is listening to the country.

9.3 pm

Mr. Paul Goodman (Wycombe) (Con): The Prime Minister has, in effect, handed us this Bill rather like a man handing a motorway map to a group of dejected, demoralised and, I am afraid in a few cases, discredited travellers. Like a map, the Bill contains features—a new authority here, a new penalty there. Some of them are unproblematic; others, as we have heard, are rather more of a problem. None the less, as we have heard this evening, we are being told to get a move on—that the only fitting response to the public anger is to rush the Bill through the House as quickly as possible.

What you may have observed from this debate, Mr. Deputy Speaker, is a distinct reluctance on the part of the House to be rushed in that way, because the more

[Mr. Paul Goodman]

Members in all parts of the House have looked at the Bill, the less they have liked it. The reason for that is simple. It is because, having looked collectively at the Bill today, we have identified a key weakness—namely, that the map before us has no agreed destination. It sets out a new body and new penalties, but it fails to set out a clear vision of what the new body will regulate and to what activities the penalties will apply. In short, nowhere in the Bill does it describe what a Member of Parliament is, or what our functions and purposes in this place are. The hon. Member for North-East Derbyshire (Natascha Engel) made that point earlier.

It is evident that there are two conflicting ideas of what an MP is. The first is that we are elected representatives—citizen legislators who are free to earn outside this place. The second is that we are professional politicians funded exclusively by the taxpayer and therefore members of a political class, distinct and thus separate from those whom we represent. Elected representatives must, almost by definition, represent a multiplicity of interests—the interests of capital, the interests of labour, and so on. Under our present constitutional arrangements and cultural conditions, however, most professional politicians will, I am afraid, ultimately represent only one interest—namely, that of the Executive whom they wish to serve as members, or that of the Executive-to-be. So, the movement in recent years from the MP as elected representative to the MP as professional politician—first under John Major and Nolan, then under Tony Blair and Nolan's successors—suits the Executive very nicely. It is no wonder that, by means of the Bill, the ceiling that has for years been descending on private interests will be ratcheted down still further.

Mr. Straw: I am following the hon. Gentleman's argument, but, as I said earlier, it is worth looking at the evidence. As a former distinguished Clerk to the House said recently, the evidence shows that in the golden age of the 1950s and 1960s, the House was wholly quiescent. There was not a single rebellion against the Government in the early 1950s, compared with repeated rebellions under Margaret Thatcher and under this Government.

Mr. Goodman: But my prediction is that there will be still fewer rebellions if the Bill goes through in its present form. Ministers know full well that very few Members who work part-time for charities or for businesses, or as doctors or at the Bar, will be able to fend off the exhibitionists and fanatics who grovel before the voters in every constituency pledging that, unlike the sitting Member, they will sit in their parliamentary office writing e-mails 24 hours a day. Those are promises that some—perhaps many—of them will not keep, leading to further disillusionment with politics and politicians.

Ministers—including the Justice Secretary, I am sure—will of course ask why MPs should not, in the interest of openness and transparency, declare how many hours they work outside Parliament. To that, there is only one answer. To use a phrase that the Justice Secretary used earlier: what is sauce for the goose is sauce for the gander. Let those on the Treasury Bench who are moonlighting declare how many hours they work outside the House rather than working here on behalf of their constituents, just as any other Member of the House will have to do under the terms of the Bill.

Mr. Jenkin: I should like to share an irony with my hon. Friend. Whereas Back-Bench Members of Parliament with outside interests are certainly not working against the interests of the House of Commons, Ministers with such interests are certainly doing so a lot of the time, because they are denying us information and legislating to try to keep us in our box.

Mr. Goodman: My hon. Friend makes his point very well. That is why Ministers favour neither the old-fashioned idea of the elected representative nor the fully modern idea of the full-time legislator who is not a member of the Executive, citing the separation of powers as it exists in the United States. It is no wonder that the Prime Minister has handed us this map without a destination, or that the Justice Secretary is urging us to rush the Bill through the House as quickly as possible. It is not that they do not know where the journey is heading; they know perfectly well. I do not believe that the Bill is motivated by the expenses scandal at all. In my view, it is motivated by the Government's desire to entrench further a political class that will be dependent on the patronage of those on the Treasury Bench.

The Bill piles further absurdity on the original absurdities set out in the Nolan rules, to which the right hon. Member for Birkenhead (Mr. Field) alluded earlier—namely, that there are only two kinds of interests. One is private interest, personal to Members; the other is the public interest as a whole. However, that is not so much wrong as completely unintelligible. Many other interests must be represented in the Commons for it to be a House of Commons at all. To give but one example, each of us represents a constituency interest; it is possible, indeed likely, that that constituency interest will sometimes clash with other constituency interests, and therefore with the public interest as a whole. The refusal to recognise those truths drives the contortions and contradictions in the Bill.

So many examples have been given that I hesitate to add to them, but the House might briefly want to consider an example cited in *The Times*. If a constituency business buys a Member a cup of tea, and the Member then raises a matter on that business's behalf, will such a Member be in breach of the paid advocacy rules and be hauled before the courts accordingly?

Mr. Grieve: Yes.

Mr. Goodman: My hon. and learned Friend says, unhesitatingly, yes, and he will know, as we all do, that the Bill threatens to create a vicious circle whereby Members are punished by the courts for representing interests, and punished by our constituents for not representing them—completing the process whereby, increasingly, I am afraid, Members are transformed into box-ticking clones.

We are all asked repeatedly, as was mentioned this afternoon, whether we get it—"getting it" is the phrase of the moment. I sometimes wonder whether our constituents get it—whether they get what is coming to them under the Bill, namely, the triumph of the political class, driven by the combination of a rampant media, the professionalisation of politics, a rapacious Executive, and a culture with a 15-second attention span.

Why, in the last resort, blame anyone but ourselves if the Bill is allowed to go through with all its imperfections? It is the culmination of a collective loss, over many

years, of self-confidence, self-respect and self-belief. If Members of the House do not respect themselves as elected representatives, free to debate the clash of interests that must arise in a free society, no one else will respect them either.

9.12 pm

Mr. Mark Field (Cities of London and Westminster) (Con): It is a privilege to follow my hon. Friend the Member for Wycombe (Mr. Goodman). One of the most depressing things that has happened to me in recent weeks was learning that he is standing down from Parliament. It was depressing not just because I am losing a friend—we entered this place on the same day some eight years ago—but because when he outlined his reasons for leaving, I found I agreed with about 90 per cent. of them. He has said exactly what I hope many of the more thoughtful Members would agree with.

I also associate myself with every word of the contribution of my hon. Friend the Member for Chichester (Mr. Tyrie), who, as ever, was able to articulate the arguments much more concisely than perhaps I am able to. However, I want to say briefly that I share the almost universal reservations about the speed with which the legislation is being rushed through. As a number of Members have said, it is being rushed through partly out of panic, and partly out of a desire to be seen to be doing something. Rushing legislation, particularly—dare I say it?—to go through all stages in three days, is a great mistake. We need to move towards greater separation of powers, especially between the Executive and the legislature, and the Bill regrettably takes us in diametrically the opposite direction.

We risk politicising the judiciary, who will now stand in judgment on issues of parliamentary process and procedure, especially if clause 10 in its entirety comes into play. We risk vexatious litigation, perhaps driven by partisan political considerations. No doubt some publicity-hungry judges will also look to flex their muscles, to the edge of the legislation and probably beyond. As my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) rightly said, we are sent to this place by our constituents, not as bureaucratic placemen and women but as people who should be able to debate the important issues of the day.

Without wishing to harp on too much about how we got into this situation, it is very important to put one or two things on the record. The Executive were repeatedly warned that the second home allowance was a disaster waiting to happen. I know that, because I have repeatedly warned over many years—it may be easy for me to be dispassionate as a central London Member whose salary has been kept down—about the grandstanding that went on by both Government and Opposition leadership on this matter. It goes back, I accept, to the 1980s, but three times during the eight years I have been a Member—it also happened in January 2008 over the London allowance—headline salaries have been kept down in spite of the independent Senior Salaries Review Body's recommendations, and then a blind eye was turned to the constant increase in the second home allowance, which was never reduced, reversed or even capped.

In July 2001, there was a huge uplift outside any recommendation from any independent body so there was no longer, in my view, any real pretence that the second home allowance was reimbursement; rather, it was being used as a salary substitute because the Executive failed to have the courage to stand up and make the case for a higher salary going forward. Therein, a culture of absolute cynicism built up.

The general public, in my view, understand the need for MPs living beyond commuting distance to have a home in London. Their view of a second home, however, is a rented, furnished flat, meaning that there is no need for household goods, plasma TV screens, gardening and cleaning bills, and no mortgages, no flipping, and no remortgaging or maximising of financial benefit. The capital gains scam and the appalling ongoing scam of section 292 of the Income Tax (Earnings and Pensions) Act 2003, which makes all this tax-free, is little short of disgrace. I suppose that, as in any banana republic, it is the MPs who end up making the law. This issue was not new; it was warned about, and I am not the only Member to have warned about it in these terms and for some years before the balloon went up.

Let me touch briefly on clause 5 and second job scrutiny. I fear that it is the worst sort of cynicism and rank hypocrisy for the Prime Minister to attempt to embarrass Conservative MPs by conflating the second jobs issue with the allowance scandal, which has ended in the disaster that my hon. Friend the Member for Wycombe pointed out. There has never been any suggestion that outside employment was undesirable or that it interfered with MPs' duties, nor any sense in which it has been part of the scandal that has engulfed Parliament in recent weeks. Indeed, in my view the real risk is now that MPs will become ever more of a separate political caste—professionals moving to politics perhaps from their 20s onwards. It may suit the Executive and any future Executive for Parliament to become a cadre of super-councillors retreating from independent-minded views into a constituency-based comfort zone. That, I think, would be absolutely catastrophic for public life, but it is what this Bill will help to reinforce.

My hon. Friend the Member for North Essex (Mr. Jenkin) rightly alerted us to the ludicrous anomaly whereby Ministers, already remunerated out of public funds, are exempted from filling in the same timesheets that each and every one of us who has an outside interest will have to fill in. Yet their extra-curricular activities equally impinge on their ordinary duties as Members of Parliament and as legislators. Indeed, it is compensation for that time forgone that is the very reason why Ministers are paid.

We need to move, as I think we are—slowly—towards the idea of a separation between the Executive and the legislature. I know that that means a big change in how the Executive will operate, but it seems to me that the role of the MP should be as a law-maker, as someone holding the Executive to account, which is particularly important—dare I say it?—for those MPs from the governing party as well as those from Opposition parties. For reasons that a number of my hon. Friends have pointed out, that tends to have been forgotten.

I believe that this Bill is deeply flawed, not only in its underlying principles but in its practical application. The new external expenses regulatory body that is being created sounds superficially soothing, but experience should have taught the Government that it may well act in many ways to undermine the internal promotion of proper standards among parliamentarians. Instead, a

[Mr. Mark Field]

"them and us" culture will be created; there will be systematic attempts to avoid the letter of the rule; and there will be hostility to the ethic of box ticking rather than an appreciation of the principles that should lie behind any code.

We should be trying to inculcate a sense of right and wrong in parliamentarians in all their claims for allowances and expenses or, indeed, in any other way. The Bill, however, risks creating a "what we can get away with" culture that we have seen in the past. We have already seen what has been justified as being within the rules—ludicrously, there have been claims for £400 a month for food and £250 a month for petty cash with no questions asked—and that is the system from which we are moving away, but I fear that a body such as IPSA will simply reinforce it with a new set of rules. We need the ethics to come from individuals rather than resulting from a hostility which, inevitably, will be mounted against any new regulatory body.

I am sorry that I have not had a chance to say more; indeed, we would all have liked to say a good deal more. However, I am glad to have had the chance to make a small contribution to the debate.

9.20 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): When I came here, I came here as a Member of a Parliament. I look back across 30 years and I think, "What am I now?" I am on the outer reaches of a court. The King sits over there, the heir to the kingdom sits here, and I am a minor courtier if I hope to receive some favour—or not. That is what has happened. The slamming of the door is on the wrong person now. The Crown moved, as we have long known, from the end of the Mall into Downing street, and has now positioned itself here. The very person whom we did not want to take over the running of our country absolutely in terms of the making of laws and the divine right of Kings has now incorporated himself right in our centre; and fluttering around the King are all these Ministers—the shadows on our side, the substance on the other side.

The Government have become so large that I believe there are almost more of them than there were members of the main Opposition party at one stage. That is where we have got to. Today, we face one of the Bills of which the Lord High Panjandrum, who is now busily looking at his papers, well knows. We have had a long relationship: he was Leader of the House, no less, was Foreign Secretary, and is now Justice Secretary. He has cast around and then come here himself in place of the current Leader of the House, who unfortunately had to attend a memorial event.

I knew nothing about this 10 days ago. I do not suppose that anyone other than—apparently—those on my party's Front Bench, the hon. Member for Foyle (Mark Durkan) and the other party leaders knew anything about it. It does not even follow the old patterns. A Bill used to be deposited, and have a First and a Second Reading. Two weeks used to be provided before the Bill was dealt with on the Floor of the House, so that people could digest it. This Government prattle on about pre-legislative scrutiny, saying that it is embedded in what they are trying to do, but does not this Bill, more than any other legislation, require such scrutiny?

There used to be a convention, no less, that all stages of a constitutional Bill were taken on the Floor of the House. It seems that the Lord High Panjandrum is going along with that—the Bill will be dealt with on the Floor of the House—but something else will be involved: a guillotine. That is the way we do business. Why trouble with us? We are merely minor players in the great drama—and what a drama! We saw an auction of places in this Government just three weeks ago. We saw them squabbling like anything. And we are supposed to take them seriously.

What I am saying is that this is a very dangerous time for our nation and our Parliament. As the Government seek desperately to hold on to power, they are prepared to throw anything in. The Government say that they want to give more powers to Parliament, but what do they do? They write the reformation of Parliament themselves, in a quiet little arrangement involving Front Benchers consorting with the hon. Member for Foyle and others. That is no way for us to assert ourselves as Members of Parliament, and no way for us to hold anyone to account.

This is an awful Bill. The hon. Member for Hendon (Mr. Dismore), the Chairman of the Joint Committee on Human Rights, rightly criticised it in making fundamental propositions about our liberty and due processes. He had to do that on the basis of a draft report, because the Joint Committee will not meet until tomorrow, when it would have sanctioned all the comments that he made today. Similarly, the Justice Committee will not meet until tomorrow, although it is taking evidence from the Clerk. This is how we are treated in this House. This is a terrible Bill because it tries to set out who we are.

The hon. Member for North-East Derbyshire (Natascha Engel) made some very good points. Ultimately, it is the electorate who define what a Member of Parliament is, and we justify ourselves to the electorate by the way we hold the Government to account and challenge the nostrums, propositions and grand performances by Front Benchers. We are the representatives of the people. When we talk about privileges, we mean the privileges of freedom of speech. I come here and I can attack a Prime Minister—and not only someone as unimportant as the Prime Minister, but even the Lord High Panjandrum himself.

The Leader of the House is not going to follow through by concluding this debate. She could be here; we saw her make a fleeting appearance. I know why she did not take on that speech: it is because she cannot. As I look across at the shadows who flaunt themselves in front of us now, it is clear to me that this country desperately needs an election to clear out the clutter. We must now repudiate this Bill, and put it all in a proper and measured process. We have it in place to do so—but, no, someone has to show off and show that he is the king of Downing street with all the powers of the prerogative behind him and an obedient Government followed by their Whips, in order to ensure that this Bill passes. We should reject it, and we should most certainly reject the guillotine on it.

Mr. Frank Field: Will the hon. Gentleman help me to divide the House against this Bill tonight?

Mr. Shepherd: I certainly will. I think that is an important statement to make, and I also hope the right hon. Gentleman will vote on the guillotine.

Mr. Field: Against it.

Mr. Shepherd: Yes, on the guillotine and against it. All I am doing is asking the House to face up to these things.

A week ago, 10 people stood in front of this House. It was the only time, however, that I bet that any of them had been able to address a Prime Minister in this Chamber uninterrupted with him sitting there for the entire five or six minutes. That is a privilege that is never extended to anyone else in this House. That reveals the contempt that is shown by the Government time and again to the Members of this House, who have to justify their pay and their allowances—or whatever—to their own electorate. The Government have forgotten about the electorate in this. It is about what the Prime Minister thinks he can carve up with other Front Benchers. That is no way to be a proper representative body, and we are now going to hear a winding-up speech justifying all this nonsense. The Government have withdrawn something, but we should vote this Bill down if we ever got the opportunity—although the whole Whips' apparatus must ensure that we are nothing.

9.28 pm

Mr. Dominic Grieve (Beaconsfield) (Con): When I came to this debate today, I was not sure whether the anxieties I felt about this legislation would be reflected across the House. There is no doubt that Parliament has fallen to such a low in recent weeks that it is sometimes very difficult for us to believe that we can make objective judgments about ourselves. It is also very difficult for us to reason through what we need in order to do our jobs. Indeed, the point has been well made in the course of the debate that if we had had more courage in the past to have public debates about what we reasonably needed by way of remuneration and allowances, and if we had debated those things openly rather than brush them under the carpet, we would not have got into the dreadful pass we are in today.

I found it particularly compelling that, as each hon. Member stood up and explained themselves, there came a series of comments expressing misgivings about the legislation that the Government have brought forward. The hon. Member for Orkney and Shetland (Mr. Carmichael) pointed out the incompatibilities of the legislation with the report on privilege in 1999, and his concerns about article 6 and fair trials and the way in which due process would be observed. There was the right hon. Member for Birkenhead (Mr. Field) who, along with my hon. Friend the Member for Wycombe (Mr. Goodman), went on about an issue that we seem to have just brushed under the carpet—that this place is about a clash of interests. It is not just a matter of the public and the private. Parliament is supposed to put competing interests together and to meld them, through debate, to produce outcomes, yet the rules under which we appear to be running pay absolutely no regard to that fact. That highlights some of the problems that we will have if we try to impose a public service model of conduct on ourselves.

Mr. Jenkin: Will my hon. and learned Friend confirm whether, if I were to compliment an hon. Member on the way in which he represented an interest in this House and if someone used that as evidence of an example of a misdeclared, wrongly declared or undeclared interest, that Member could be prosecuted under the Bill even though I intended it as a compliment?

Mr. Grieve: The fact that the rules are linked to regulations on declarations of interest and what constitutes paid advocacy that are not in the Bill, and the fact that those rules are developing and changing, must give rise to the real possibility that Members of this House could be prosecuted for doing their jobs. That was one of the things that caused me anxiety when I came to look in detail at the Bill. The Government will argue—perfectly fairly, I am sure—that that is not their intention. However, the conflation of the draft, the offences section, the requirements on paid advocacy and the regulations that we will have as of 1 July—I have had to look at them for my own sake, as I am sure has every hon. Member—seems to make that a real possibility. So, yes, on that point my hon. Friend is right.

My right hon. Friend the Member for North-West Hampshire (Sir George Young) outlined the extent to which the proposals as brought before the House do not reflect any of the discussions that have taken place and fly in the face of accepted practices as regards Members' conduct. The hon. Member for Hendon (Mr. Dismore) highlighted from his long experience as Chairman of the Joint Committee on Human Rights that if we are moving to a statutory system of regulation it must be ECHR compliant, yet what is proposed is plainly nothing of the kind. If that is maintained, we will land ourselves with considerable difficulties.

The hon. Member for North-East Derbyshire (Natascha Engel) made a powerful and passionate speech, outlining what she thought being a Member of Parliament was all about, which I think is accepted across the House. She is right to be concerned about the proposals, because I fear that, even unintentionally, they will undermine her ability to do her job. My hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) also made a powerful speech about an MP's role.

The right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) highlighted the extent to which the Bill of Rights of 1689, which is often only cited in this place as some decorative extra, is in fact the rock and foundation on which freedom of speech in this country and in this House has been built, and the extent to which those rules will be changed by this Bill, which will be passed in three days by this House. The same points were made by the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) and my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory).

The thing that shone through as the debate progressed was that, save for a half concession by the hon. Member for Foyle (Mark Durkan), no one who participated in the debate was happy with the entirety of the Government's proposals, or with anything close to their entirety. My hon. Friends the Members for Windsor (Adam Afriyie) and for Chichester (Mr. Tyrie) highlighted the fact that the legislation appears to have been embarked on in great haste and contains a series of objectives, some of which can be readily supported but others of which appear to be entirely unclear.

My hon. Friend the Member for North Essex (Mr. Jenkin) made an eloquent speech about Parliament and what it is to be here. I can speak only for myself when I say that I came into this House with romantic

[Mr. Grieve]

notions about what it was to be a Member. Those notions survive, but over the past few weeks I have come close to despair and, at times, to following the example of my hon. Friend the Member for Wycombe—I wish I could talk him out of this—and just walking away from this place in despondency and sadness, because we are close to the point of no longer being able to do our work at all.

To change direction, may I say to the Secretary of State how I think this issue ought to be approached? He is right when he says that there is an urgent issue to be considered. We have been exposed to unparalleled levels of public anger, hostility and disgust about this place. Those of us who have held public meetings—I have done so in my constituency—have had no difficulty in picking up on the extent of public dissatisfaction with the way in which we conduct our business, but I suggest to him that, as has been rightly highlighted in the debate, the issue goes further than salaries and expenses; it goes to our very relevance. The growing perception of our irrelevance is the foundation on which the current crisis has occurred, and we have failed to address that irrelevance for a long period. Whatever he may say, the public perceptions are that this place is powerless against the Executive and that it is supine. All people ever see of this place and all that is ever reported about it is the bear garden in this House—it is not the work that hon. Members do elsewhere, often in an atmosphere of far greater consensus and moderation—which tends towards exposing us to ridicule.

The public then examine what we have been up to in respect of salaries and expenses. It was an urgent need that those things be dealt with outside this place, and I am delighted that the first part of the Bill provides for—or sets the scene for so doing—exactly that. There is a problem in that, without Sir Christopher Kelly having reported, many of the issues that should be of urgent importance to us are not yet covered. We must face up to the fact that the Byzantine system of allowances and what it allowed people to claim for has created some of the problems, and until it is sorted out we will not have reached our goal. This House can be comfortable with and happy about the fact that we will no longer be responsible for issues relating to our own remuneration, because that is not what we were sent here for—it is the additional extra to our work. We can be wholly content with that outcome.

The other thing to have emerged from this crisis is that the transparency that we are now to have is probably the greatest moderator of all in ensuring that things do not go wrong in future. How much better it would have been if the claims that were exposed for criticism in the past two months had been posted the day on which they had been made and an MP could then have realised the public hostility to what he had been asking for, rather than our all facing the problem of having to justify, six years after the event, what many people were told at the time was justified. Transparency will take us a long way too.

For those reasons, the Government's intentions and the first part of the Bill seem to us to be entirely necessary. We will support the Bill—or we will certainly not impede its passage—because we take the view that something must be done on those matters, but I must say to the Secretary of State that when one examines the second part of the Bill, one finds that the whole issue starts to become opaque. The Government have created—or they have certainly set about initially creating—a structure of regulation and punishment of MPs for transgressions that, if it had been given its full rein when first introduced, would in essence have turned us into the creatures of a quango. The Government drew back from that, but one is left with the impression that having put together a Bill that was constructed around the ex cathedra statements of the Prime Minister, without having previously having consulted anybody, they now feel obliged to pursue at least more than a fig leaf to show that he meant business. The reality, however, is that the Bill is fundamentally flawed in its approach to our regulation.

The Bill would create criminal offences. I have nothing against criminalising Parliament. Indeed, the point was made to me at a public meeting that I attended that one reason for our unpopularity is that the public feel so dumped on and criminalised by a succession of over-zealous Governments over the years. They feel that we are being treated differently from them. However, that may be a good reason for Parliament's starting to decriminalise many of the things that we have imposed on the public, rather than starting to criminalise ourselves.

If we are to be criminalised, it should be for some good reason that meets an objective. The first offence that we would create for ourselves would be one for which the general law already provides with far more draconian sanctions. How can we seriously tell our electors that we have a special fraud offence for MPs, punishable by only 12 months' imprisonment, but that they will get 10 years if they commit fraud? What is the purpose of that?

Secondly, we will criminalise paid advocacy. I happen to think that paid advocacy is bribery. I thought that we were already criminalising bribery in a way that succeeded in taking into account the Bill of Rights and ensured that it would not be an obstacle to the conviction for bribery of a Member of Parliament. If so, what is the purpose of criminalising paid advocacy? It is a serious disciplinary offence against this House, and—as we have highlighted—the way in which the rules on outside interests and gifts are now drafted means that Members will be subject to severe anxiety about what constitutes paid advocacy and what does not. If any hon. Member wishes to understand that point, I suggest that they read the latest rules on what has to be declared after 1 July. The doubt about the difference between a gift and a benefit in kind shines through those regulations.

The entirety of the enforcement powers that the Bill would bestow raises serious issues of justiciability. If the House wishes to engage in the merry-go-round of litigation, we can embark on that cheerfully, but it is unclear whether the rules could be enforced by the courts. My opinion is that they would be capable of being enforced by the courts. Indeed, hon. Members may derive some comfort from the fact that they would be able to challenge the rulings by the new Commissioner of IPSA in the courts if they disagreed with them.

Some of those results may be inevitable, but I do not think that all of them are. I am convinced—I hope that the Secretary of State will be open-minded in Committee—that we can achieve the objectives that we all share without creating some of the difficulties that have

been highlighted by the memorandum by the Clerk of the House and by virtually every hon. Member who has spoken.

This debate is not about arcane issues—I do not really like talking about parliamentary privilege. It is about whether we can do our job. It is about whether we have the self-confidence to maintain our standards and to act corporately in challenging the Executive and holding them to account, which is one of our primary purposes. If that is undermined, we will be back in our constituencies in 12 months being criticised for something else and with the knowledge that our role is becoming more and more irrelevant. I ask the Secretary of State to have the courage to stand up for high standards, for the protection of the freedoms that we were sent here to protect, and to ensure that not only we but those who follow us have a framework within which to do that.

If the Secretary of State and the Government listen, we can all break up for the recess at the end of July knowing that we have put on the statute book the first building block, and have taken a step in the right direction. However, if we are simply obliged to sign up to the Bill because if we do not we will all be condemned to the outer darkness for failing to appreciate public anger and respond to it, we will do ourselves and everybody else a grave disservice.

9.45 pm

The Parliamentary Secretary, Office of the Leader of the House of Commons (Barbara Keeley): This has been a lively debate. I believe that we must act now to build on the interim measures that the former Speaker announced in his statement on 19 May. Given the public's concerns about the conduct of some Members of this House, it is incumbent on us to act decisively, and we need to keep coming back to that key point.

From what we have heard in the debate tonight, I believe that the fundamental points are as follows. The current system of allowances clearly must be replaced. There should be independent scrutiny of our allowances and robust enforcement of the rules on financial interests to create a system in which our constituents and Members of this House can trust. We need, and will have, further discussion on the guidance issued to Members, to which the hon. and learned Member for Beaconsfield (Mr. Grieve) referred, and on the declaration of outside interests, which so many hon. Members have mentioned.

Many hon. Members referred to privilege. It is true that privilege plays an important role in facilitating open and honest discussion in the House. However, in relation to the three new offences created by the Bill, there is no reason why privilege should be used to prevent proceedings against a Member of Parliament simply because that evidence relates to proceedings in Parliament. The public's reaction to the events that have unfolded in recent months has made it clear that they expect certain basic standards of behaviour from us, and many comments were made by hon. Members about the scale and extent of public concern outside this House.

Alan Duncan: Will the hon. Lady give way?

Barbara Keeley: No, there is not time. *[Interruption.]* Hon. Members have raised specific points of detail, and I want to comment on some of the contributions made.

Alan Duncan *rose—*

Barbara Keeley: The shadow Leader of the House had a great deal more time than has been allocated to me. I want to give detailed answers to the points raised. If I cannot, they will need to follow in the next couple of days, or be put in writing to the hon. Members who asked the questions.

My hon. Friend the Member for Middlesbrough (Sir Stuart Bell) talked about this being a time of crisis and of opportunity. He also talked about the too-close relationships between Members and those who were administering the system. As he rightly said in supporting the Bill, we have two days in Committee to discuss, to press and to probe, but he is also right to say that this is no time for parliamentary drag. We have ceded authority on the matter, and we should accept that.

The right hon. Member for Birkenhead (Mr. Field) talked about representative government and whether the House mirrored the people it is elected to serve. I must correct his view that no Members of this House played a role in the information technology revolution, to choose one example from the long list that he gave. I thought that that was an astonishing thing to say. For a number of years before I entered this place, I worked in a variety of roles for one of the largest IT companies in the world, latterly as a field systems engineering manager. In fact, of the 2005 intake of Labour MPs, not only were a majority women, but a majority were people like me, who had worked in other roles before we came to this House—who had worked in IT, who had run their own companies, and who had been teachers. One had been a miner, and many others had other roles in our society. We need not have everything, when it comes to outside interests. People can have a career before they come to this place.

Alan Duncan: I have a simple question. The Minister construes the argument on privilege in terms of why privilege could be released to prosecute Members, but does she not accept that the reverse is also true? If that freedom is permitted, could it not end up constraining people who are witnesses in Committee, and could not what is said in this House be pertinent to court cases, causing enormous problems?

Barbara Keeley: No. We do not accept that. We will return to the topic time and again over the next couple of days.

The right hon. Member for North-West Hampshire (Sir George Young) spoke about voting against the Bill on matters of timetabling, and referred to the guidance and the distinction between gifts and donations. My right hon. and learned Friend the Leader of the House has said that there is a clear distinction between payments for which the Member is contracted to provide a service, and gifts and donations. If the guidance is not clear to Members, we can revisit that, but that is no reason not to move forward on the Bill. We can always redraft guidance.

The right hon. Gentleman asked a large number of questions, which we will cover when we debate clause 11. Any future change to the role of the Parliamentary Commissioner for Standards would be made only with the agreement of the Speaker and after an affirmative vote by the House, following consultation with both the

[Barbara Keeley]

Independent Parliamentary Standards Authority and the Committee that the right hon. Gentleman chairs. We will return to the issues that he raised about privilege on clause 10.

My hon. Friend the Member for Hendon (Mr. Dismore) raised issues to which we shall return over the next two days, on enforcement and the need for safeguards. The new Independent Parliamentary Standards Authority's powers are set out in clause 8(1), such as paying back wrong payments and correcting the register.

The hon. Member for South Staffordshire (Sir Patrick Cormack) urged us to spend more time on the Bill, as did a great many other hon. Members in their contributions this evening. I refer to the statements of the party leaders. The Leader of the Opposition said:

"We will back the establishment of a Parliamentary Standards Authority to supervise all matters relating to Members of Parliament's pay and expenses",

and the leader of the Liberal party said:

"I also strongly welcome the move towards a Parliamentary Standards Authority and an MPs' code of conduct. These changes should be implemented immediately"—[*Official Report*, 10 June 2009; Vol. 493, c. 799-803.]

That is the basis on which we started to move forward.

My hon. Friend the Member for North-East Derbyshire (Natascha Engel) said that there was no mad hurry for the legislation, and argued for getting rid of redactions when we publish claims and receipts, and for exposing addresses. She also mentioned the complexity and the number of Committees with different functions. The issue of reducing redactions is being examined by the Members Estimate Committee, and I hope we will be able to publish the 2008-09 claims with much greater transparency. The complexity of structures can be reviewed in the weeks and months ahead, but it is important that we move to independent regulation and administration of our allowances.

The right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), who chairs the Justice Committee, spoke about clause 7 and expressed concern about due process and the human rights dimension. Despite his concerns, he said that he could see a case for setting up IPSA during the parliamentary recess. We must press ahead urgently. The right hon. Gentleman raised the subject of a privileges Act, which we could consider.

The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) argued for more time, as did many other hon. Members. There will be time to discuss the matter that he raised—the separation of the investigation function from the rest of the PSA. We can return to that. There is a strong determination that the investigation function should be separate from the PSA's other functions.

The right hon. Member for Wells (Mr. Heathcoat-Amory) referred to the Dangerous Dogs Act 1991, and argued that cross-party discussions to forge the Bill were not the right way forward. He gave the example of Congress not setting its own remuneration, as we do not and will not do. There is no reason why the new developments should not interact, so the reviews by the SSRB on pay and pensions can interact with the new structures that we are setting up.

Mr. Heathcoat-Amory: The point about the Congress is that it does set its remuneration, but that comes into effect after an election. Congress is self-governing. It does not give away those powers. It makes its own decisions, but under constitutional amendment that takes effect after an election. I advocate the same system here.

Barbara Keeley: Indeed, but Congress has more regular elections than we do, so it is easier for Congress to decide the matter when an election is due fairly soon.

The hon. Member for Windsor (Adam Afriyie) re-organised his diary to be present, and he made a wide-ranging contribution on the role of an MP. Many other Members spoke about the role of an MP. I disagree with the point that being an MP is not a full-time job, and that an MP's pay is not a salary. The hon. Gentleman and I—

Several hon. Members *rose*—

Barbara Keeley: The hon. Gentleman and I entered the House on the same day, and I have always regarded representing my constituents as a full-time job, alongside the work that all MPs do—

Mr. James Gray (North Wiltshire) (Con): Will the Minister give way?

Barbara Keeley: No, I shall not give way at the moment. The key—*[Interruption.]*

Mr. Speaker: Order. Mr. Gray, it is very clear that the Minister is not giving way. Stay in your seat and listen. *[Interruption.]* I have made the position very clear. It does not require comment from you, Mr. Gray. Stay in your seat; listen to the Minister.

Barbara Keeley: We will probably return to some of the points that were made in the debate, but, as I was saying, I regard my job as an MP as a full-time job, and I have done since I entered the House. It is dangerous to start saying that we can adequately do the job alongside other tasks. Since I have been a Member, I have been a member of a Select Committee and taken a specialist interest in various subjects, such as health and social care. Clearly, there is more than the constituency to represent, and now I have a ministerial role, too.

The hon. Member for North Essex (Mr. Jenkin) said that he supports the principle of independent regulation, and he raised a number of issues that the Parliamentary Reform Committee, under the chairmanship of my hon. Friend the Member for Cannock Chase (Dr. Wright), will look into. In fact, the latter part of the debate went into many issues that the new Parliamentary Reform Committee can look into. The hon. Member for North Essex, again, said that he did not think that being an MP was a full-time job; I disagree.

My hon. Friend the Member for Foyle (Mark Durkan) made a very important point that we would all do well to remember as we near the end of the debate: we should consider the worth of Parliament, show the public that we are not just taking care but that we do care, and set up structures in a way that he called being "Kelly-ready". That might be another phrase that we can take forward.

The hon. Members for Wycombe (Mr. Goodman) and for Cities of London and Westminster (Mr. Field) talked about the professionalisation of Parliament, to

which other Members had referred, and the separation of powers, and they were even concerned about judges flexing their muscles. I think that we will return to those aspects of the debate over the next couple of days.

Cynicism has crept in, with the suspicion that there is a culture of them and us and of box-ticking. We definitely do want to move away from the "What we can get away with" culture, and I hope that, as the debate unfolds, we can agree on the principles that there should be a more transparent system of regulation and independent oversight. We have the platform on which we can move forward to discuss the detail of the Bill in a Committee of the whole House—

Mr. Andrew Robathan (Blaby) (Con): On a point of order, Mr. Speaker. Will you confirm that the Parliamentary Reform Committee to which the Minister has referred was actually withdrawn? Have I missed something? Has it been put down again on the Order Paper?

Mr. Speaker: You are certainly seeking to enter into a debate, Mr. Robathan, but I am afraid that it does not constitute a point of order.

Barbara Keeley: The Bill should sweep away the old system of MPs' self-regulation in which people no longer have any confidence, and it will pave the way for a new system of independent and transparent regulation. As my right hon. Friend the Justice Secretary said earlier, the Bill is a result of some early constructive discussion, and I hope that, over the next couple of days, we can return to the very constructive discussions that we had with Opposition Members. Until today, there was constructive discussion, and there was agreement and consensus.

There has been further consideration of amendments, and we can look at all such issues. Today, we have indicated that we will accept the amendment to clause 6, so we can and should move forward on that basis. We can return to the issue of the Parliamentary Reform Committee, and I commend the Bill to the House.

Question put, That the Bill be now read a Second time.

The House divided: Ayes 291, Noes 1.

Division No. 167] **[9.58 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hemming, John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hewitt, rh Ms Patricia
Heyes, David
Hill, Mr. Keith
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona

McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reed, Mr. Jamie
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Lindsay
Ruane, Chris
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thurso, John
Timms, rh Mr. Stephen
Todd, Mr. Mark
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, Mrs. Betty
Williams, Mark
Williams, Stephen
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Younger-Ross, Richard

Tellers for the Ayes:
Steve McCabe and
Mr. Frank Roy

NOES

Heathcoat-Amory, rh Mr. David

Tellers for the Noes:
Mr. Frank Field and
Mr. Richard Shepherd

Question accordingly agreed to.
Bill read a Second time.

PARLIAMENTARY STANDARDS BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A) (7)).

That the following provisions shall apply to the Parliamentary Standards Bill:

Committal

1. The Bill shall be committed to a Committee of the whole House.

Proceedings: general

2. Proceedings in Committee, any proceedings on consideration and proceedings on Third Reading shall be taken in two days in accordance with the following provisions of this Order.

Proceedings in Committee

3. In Committee, proceedings shall be taken in the following Order: Clause 1, Schedules 1 to 3, Clauses 2 to 5, Clauses 11 to 14, Clauses 6 to 10, new Clauses, new Schedules and remaining proceedings.

4. Proceedings on Clause 1, Schedules 1 to 3, Clauses 2 to 5 and Clauses 11 to 14 shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on the first day.

5. Proceedings on Clauses 6 to 10, new Clauses, new Schedules, and remaining proceedings shall (so far as not previously concluded) be brought to a conclusion two hours before the moment of interruption on the second day.

Proceedings on consideration and Third Reading

6. Any proceedings on consideration and proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on the second day.

Programming committees

7. Standing Order No. 83B (Programming committees) shall not apply to proceedings in Committee and on consideration and Third Reading.

Other proceedings

8. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*(Mark Tami.)*

The House divided: Ayes 254, Noes 73.

Division No. 168] **[10.13 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Butler, Ms Dawn
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connerty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit

Dismore, Mr. Andrew
Dobbin, Jim
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Fisher, Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Sneigrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Todd, Mr. Mark
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Ayes:
Mr. Frank Roy and Steve McCabe

NOES

Afriyie, Adam
Baldry, Tony
Beith, rh Sir Alan
Bone, Mr. Peter
Boswell, Mr. Tim
Browne, Mr. Jeremy
Bruce, rh Malcolm
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Davies, Mr. Dai
Davies, Philip
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Field, Mr. Mark
Garnier, Mr. Edward
George, Andrew
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hancock, Mr. Mike
Harper, Mr. Mark
Hayes, Mr. John
Heathcoat-Amory, rh Mr. David
Hemming, John
Hermon, Lady
Hoey, Kate
Hollobone, Mr. Philip
Holmes, Paul
Howarth, David
Howell, John
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Laing, Mrs. Eleanor
Lamb, Norman
Leech, Mr. John
Leigh, Mr. Edward
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Moore, Mr. Michael
Murrison, Dr. Andrew
Rennie, Willie
Robathan, Mr. Andrew
Russell, Bob
Shepherd, Mr. Richard
Smith, Sir Robert
Spelman, Mrs. Caroline
Spink, Bob
Stanley, rh Sir John
Stunell, Andrew
Swinson, Jo
Taylor, Dr. Richard
Thurso, John
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Watkinson, Angela
Webb, Steve
Widdecombe, rh Miss Ann
Williams, Mark
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
James Duddridge and Mr. Stephen Crabb

Question accordingly agreed to.

PARLIAMENTARY STANDARDS BILL (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52)(1)(a)),

That, for the purposes of any Act resulting from the Parliamentary Standards Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(1) any expenditure incurred under or by virtue of the Act by the Independent Parliamentary Standards Authority, and

(2) any increase attributable to the Act in the sums payable under any other Act out of money so provided.—*(Mark Tami.)*

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

Mr. Speaker: With the leave of the House, we shall take motions 4 to 6 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Government Trading Funds

That the draft Companies House Trading Fund (Amendment) Order 2009, which was laid before this House on 7 May, be approved.

Tribunals and Inquiries

That the draft Transfer of Functions of the Charity Tribunal Order 2009, which was laid before this House on 1 June, be approved.

Criminal Law

That the draft Crime (International Co-operation) Act 2003 (Designation of Participating Countries) (England, Wales and Northern Ireland) (No. 2) Order 2009, which was laid before this House on 6 May, be approved.—*(Mark Tami.)*

Question agreed to.

REGULATORY REFORM

Motion made, and Question put forthwith (Standing Order No. 18(1)),

That the draft Legislative Reform (Limited Partnerships) Order 2009, which was laid before this House on 2 June, be approved.—*(Mark Tami.)*

Question agreed to.

COMMITTEES

Mr. Speaker: With the leave of the House, we shall take motions 8 to 10 together.

Children, Schools and Families

Ordered,

That Mr John Heppell be discharged from the Children, Schools and Families Committee and Helen Southworth be added.

Regulatory Reform

That Mr Mark Prisk be discharged from the Regulatory Reform Committee and John Penrose be added.

Work and Pensions

That John Penrose be discharged from the Work and Pensions Committee and Mr Mark Harper be added.—*(Mr. McAvoy, on behalf of the Committee of Selection.)*

Petition

Bullying (Armed Forces)

10.27 pm

Mr. Parmjit Dhanda (Gloucester) (Lab): I have a petition from more than 160 residents and others in my constituency. The names were collected on the streets of Gloucester by a former member of the armed forces.

The petition states:

The Petition of those concerned about bullying in the Armed Forces,

Declares that bullying in the British Army should be stopped once and for all.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Defence to take firm and positive action to ensure that bullying in the British Army is once and for all put a stop to now.

And the Petitioners remain, etc.

[P000384]

Asbestos in Homes

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Watts.)*

10.27 pm

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): I am grateful to have secured this debate, because it is on an important and complex issue, and I believe that there is a common-sense way to deal with it. I am also pleased to see the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw), in his place, because he has some knowledge about asbestos in relation to social housing, which is what the debate is about.

The debate centres on a report that was recently compiled for the Union of Construction, Allied Trades and Technicians by two ladies, Linda Waldman and Heather Williams, who have brought to the attention of UCATT a number of important issues. I want to talk about three of them tonight. First, I want to draw to the Minister's attention the size of the problem. Secondly, I want to refer to the research in the paper, because it relates to a great deal of the current research and gives us an opportunity to consider the recommendations that have been made. Thirdly, I want to suggest to the Minister that he might think about taking some of the recommendations on board, as they would bring about the changes required without a prohibitive capital outlay.

The Minister will be aware that asbestos causes a range of diseases: asbestosis, pleural plaques, pleural thickening, lung cancer and mesothelioma. The latter two diseases are unrelated to dosage, and it is thought that just a small exposure can lead to mesothelioma. I want to bring his attention to a study done by the British Lung Foundation in January last year, which set out to explore how wide people's knowledge of the dangers of asbestos was. It commissioned a survey of 399 tradespeople in January 2008, and the respondents were made up of plumbers, builders, carpenters, electricians, joiners and gas fitters of varying ages. The results showed that a third of tradespeople admitted to not being well informed about asbestos, and three in 10 incorrectly believed that asbestos had now been removed from all UK buildings. There is great ignorance about asbestos. Last year, there were more than 2,000 mesothelioma deaths in the UK, which has led some to suggest that the UK has a mesothelioma epidemic.

The TUC argues that there are at least twice as many deaths from lung cancer caused by exposure to asbestos as there are mesothelioma deaths. Therefore, perhaps 6,000 to 8,000 deaths per year are caused by exposure to asbestos.

John Battle (Leeds, West) (Lab): The work done by my hon. Friend on this issue is incredible, but does he agree that we need to step up the campaign, as some people think that because asbestos has been banned, and some buildings have been stripped out, the problem is declining? However, there is a time lag with mesothelioma, so the number of cases will increase in the next 10 years, which people do not yet appreciate.

Mr. Clapham: I agree entirely with my right hon. Friend. We will see the number of cases increase until about 2015, then plateau and fall way by 2050. Tradespeople working on maintenance jobs who are exposed to asbestos are likely to develop mesothelioma, so it is important to consider what action might be taken on asbestos in houses.

As the Minister will know, asbestos was a common house building material from the 1930s until the 1980s. It was famed for its insulation and fire-proofing qualities. During that period, all forms of asbestos will have been used in house building: blue, brown and white. Blue and brown were banned in this country in 1985, and white was banned in November 1999. However, it is estimated that asbestos is in 90 per cent. of public sector housing, and the Health and Safety Executive estimates that 1.5 million workplaces contain asbestos.

There is ample evidence—this point is taken up by Waldman and Williams—that white asbestos is clearly associated with mesothelioma cancer. In that respect, I refer to a quote, which the two researchers used, from McCulloch and Tweedale's book, "Defending the Indefensible: The Global Asbestos Industry and its Fight for Survival":

> "In reviewing the science, it is important to remember that asbestos is such a toxic material that even relatively trivial exposure can result in serious or fatal injury. For that reason, one might have expected physicians and allied scientists to have led the campaigns against the mineral and against the companies that produced it.
>
> Yet...not only was the medical profession's reaction to the asbestos hazard often feeble, but scientists have been among the industry's most strident defenders. There are two reasons why that was so: corporate suppression and intimidation meant that criticism of the industry came at a price.
>
> Another factor was the convergence of the economic, political, and social interests of the scientific establishment and commerce. Careers could be made from industry-sponsored research. No-one commissioned research on behalf of asbestos workers".

I think that that sums up clearly what we face when we talk about asbestos in the housing industry.

Many of the people who will be exposed to asbestos are repairs and maintenance workers. As the Minister will be aware, local authorities, arm's length management organisations and housing associations provide secure tenancies, covered by the Housing Act 1985, which set out landlords' duties and tenants' responsibilities. Repairs are undertaken when a property is vacated and designated as void, but because local authorities need to turn these vacant houses over very quickly, very little has been done to monitor those houses and either to remove asbestos or to ensure that its location is recorded. There are some exceptions, one notable example of which is the London borough of Havering. Its ALMO set out to work with residents and rather than trying to sweep the issue of asbestos under the carpet, it has engaged with residents in dealing with the management of asbestos in its property portfolio.

In addition to the tensions caused by wanting to get the properties back into use so that rent can be earned, another issue at the core of the debate is the contradiction that results from the respective demands arsing from the landlords' responsibility for repairs and the tenants' rights to shape their houses into homes. The landlord is responsible for finding where the asbestos is, certainly within the communal areas, if not in the internal house, but the contradiction arises when the person living in the house wants to shape it to become a home because decorating and modifying the house might bring him

[Mr. Clapham]

into contact with asbestos, particularly if there is no register to show that the presence of asbestos has been identified.

Although social landlords have a particular responsibility, it has never really been shared with the residents, enabling them to work together. As the Minister knows, landlords now have a legal responsibility to keep an asbestos register, but that has not always been the case. Even now we find circumstances in which councils do not take the residents into consideration: they will look at the asbestos register and some will keep it up to date; others will not. The register therefore fails to act as it should to help residents living in those houses.

As I say, it is quite different in Havering borough, which has engaged with its residents and worked out an approach together to manage the asbestos in the housing stock. The result is that people who know where the asbestos is can carry out modifications to their houses without exposure to asbestos fibre.

The Health and Safety Executive approach, which, as the Minister knows, is more accepted by social landlords, is to manage asbestos in situ and contain it. It believes that that practice is much safer than trying to remove it. That approach is based on risk assessment and individual responsibility. The authors of the report, entitled "As Safe as Houses?", argue that that stance "fails to recognise" the context in which asbestos is found in domestic dwellings or the desire of people actually to turn their houses into homes. That is where a contradiction arises. I believe that the asbestos register can could be used to make residents aware of where the asbestos is, and that it can be dealt with in a way that will not cause injury to health.

It was, to a degree, in recognition of that fact that following the implementation of the Control of Asbestos Regulations 2006, the Health and Safety Executive ran a major asbestos awareness campaign under the slogan "Asbestos—The hidden killer". An evaluation of the campaign suggests that it worked, and that tradesmen became aware of the dangers. The downside was that it did not include the residents of homes containing asbestos.

The asbestos register is an important tool because it gives information to contractors doing work on premises and to members of the emergency services, but residents, including home owners, are left to decorate or modify their homes facing the likelihood of being exposed to asbestos. We need a two-pronged approach. We need to establish where the asbestos is, using the register, and, having done that, to establish the stage of its erosion. We then need to ensure that advice is provided so that residents can choose either to leave the asbestos in situ or to remove it.

The authors of the report made eight recommendations. I do not know whether the Minister has had time to look at them. One of the most important is that the current legislation needs to be extended

"to ensure that the duty to manage is extended to the internal part"

of the domestic dwelling. It must be borne in mind that such dwellings become workplaces for maintenance workers as well as posing a danger to residents. The report also suggests that power tools should display a symbol advising users to check that they are not working on asbestos, and that there should be training to increase the asbestos awareness of all social housing staff and resident association representatives and training for maintenance workers, tradesmen and caretakers involved in social housing projects. I referred the Minister to the British Lung Foundation survey, which showed that few tradesmen were aware of the dangers. The final recommendation is that

"Regular public information campaigns should alert DIY enthusiasts of the dangers of asbestos".

Implementation of the eight recommendations in the report, which the Minister can read, would create a rational way of dealing with asbestos without an enormous capital outlay.

10.43 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): I congratulate my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham) on his success in securing this important debate. I echo the tribute paid by my right hon. Friend the Member for Leeds, West (John Battle) to the work that he has done in bringing the matter to the House's attention and ensuring, along with others, that workers are given better protection from asbestosis and mesothelioma. I represent the area of a former shipyard in Chatham which is one of the hot spots in the south-east of England, and my constituents owe my hon. Friend a debt of thanks.

I thank the Union of Construction, Allied Trades and Technicians, for which I have enormous respect and with which I have worked in the past, for commissioning the report to which my hon. Friend referred. I also thank Dr. Linda Waldman and Heather Williams for their work, which will contribute to improving the current controls that are in place to protect their members and the wider work force from exposure to asbestos.

In terms of fatal disease, asbestos is the most serious occupational ill-health problem that the country faces. The Government are concerned about the human suffering and misery behind the annual death toll, estimated at over 4,000 a year. Sadly, while there is nothing that we can do about those previously exposed, we can certainly do much to prevent further exposures. First, I will outline the legislation covering some of the issues raised in the report, and then I will comment on each of the report's main recommendations.

Legislation in the mid-1980s banned the importation of the most dangerous types of asbestos. As the carcinogenic effects of asbestos became known, legislation was introduced in the 1990s leading to the total ban on the importation of all types of asbestos and prohibiting the use and sale of products containing asbestos. Research by Professor Julian Peto and Health and Safety Executive epidemiologists in 1995 showed that the largest group of workers at risk from asbestos-related disease were those in the maintenance and building-related trades such as carpenters, plumbers and electricians who disturbed building fabric.

Consequently, we introduced for the first time in the Control of Asbestos at Work Regulations 2002 a duty to manage asbestos in non-domestic premises. That duty places a legal obligation on individuals who have responsibility for the repair and maintenance of non-domestic buildings to manage the risks from exposure

to asbestos that may be in their buildings. Duty holders are required to identify the location and condition of any materials containing asbestos in their buildings. They must then assess the level of risk and put in place a management plan to manage those risks. Asbestos that is in good condition should be left undisturbed. Damaged asbestos must be encapsulated or removed by licensed contractors if necessary. The duty holder must ensure that the management plan and other pertinent information are readily available when maintenance or renovation work is planned or undertaken. They should ensure that the information on the location and condition of the materials is given to anyone likely to disturb it.

In considering the recommendation to extend the duty to manage to domestic buildings, we have to look at the scale of the risks that may arise. For those whose activities are liable to disturb asbestos frequently, the risk is cumulative through repeated exposures. In the context of this debate, we need to understand what the risk is from asbestos in all homes. A recent study, commissioned by the HSE, found no evidence of an increased risk of mesothelioma from carrying out DIY activities or living in certain types of buildings more likely to contain asbestos, such as high-rise flats, prefab houses, and council or ex-council houses.

While the analyses of non-occupational exposures in this study were based on relatively small numbers of cases and controls, and therefore have limited ability to detect small increases in risk, it is clear that such exposures do not represent major sources of mesothelioma risk. The only association between increased mesothelioma risk and exposure in a domestic setting was for people living with workers in jobs classified as medium or high risk before the age of 30. While anecdotal evidence provides examples of distress in specific situations, our policies have to take into account the whole context.

Mr. David Drew (Stroud) (Lab/Co-op): Does the Minister accept that one benefit we could bring forward would be to use the home information pack to inform people of what the property they might buy contains?

Jonathan Shaw: I am grateful to my hon. Friend for that intervention, and I shall come on to home information packs later in my remarks.

The duty to manage asbestos was introduced so that the risks from the thousands of tonnes of asbestos still present in non-domestic premises would be consistently managed. Those working on those buildings, such as plumbers, electricians and other maintenance workers, often do not know they are at risk from disturbing the material or if their work is putting others in the building at risk. The principles underlying the approach are evidence-based and proportionate towards compliance.

I shall now cover the specific recommendations of the UCATT report, starting with those that would require a legislative change. The report has made several recommendations with regard to private housing. The first is that the duty to manage should be extended to private households and the second is that it should be made mandatory for asbestos surveys to be undertaken at the point of sale.

My right hon. and hon. Friends will be aware that most residential properties now require a home information pack. That pack may include a home condition report, although that is not mandatory. Voluntary take-up of the report has been low. Although there is clearly a demand for information on the condition of the property, the report in its present format is not seen as the right means of achieving that by the home buyers, sellers or the industry more widely.

I understand from colleagues in the Department for Communities and Local Government, who have responsibility for the issue, that a working group has been established to explore alternative options for ensuring that consumers have appropriate information about a property's condition. The working group is not specifically looking at environmental matters that might affect homes, such as asbestos. The issue of whether and how the presence of asbestos in a home could be reflected in any new reporting arrangements is a matter for the industry.

The UCATT-commissioned report recommends that the duty to manage regulation is also extended to social housing and that asbestos surveys are also made mandatory for such housing. The Health and Safety Executive is currently evaluating the impact of the duty to manage regulation and that will inform any decision on amending, replacing or extending the scope of the regulations. The UCATT report will form part of the evidence for the HSE's evaluation. We hope that it will be able to conclude that evaluation in the autumn.

The last recommendation of the report that would require legislative change is that warning symbols should be displayed on power tools to alert users to the dangers of working with asbestos, as my hon. Friend the Member for Barnsley, West and Penistone mentioned. The HSE will reflect on that helpful suggestion, which I believe is aimed at influencing behaviour. It might be that legislation is not the best way to influence the behaviours of workers and do-it-yourself enthusiasts. HSE research has concluded that media campaigns such as the recent hidden killer campaign, to which my hon. Friend referred, are the most effective method to influence behaviour. He mentioned the British Lung Foundation survey and its concern that workers were not aware of the dangers. I would hope that if that survey were carried out now, it would find that the hidden killer campaign has raised awareness and done what we all want to do by changing behaviour.

Follow-up research showed that the campaign was successful in raising awareness of the risks and appropriate precautions. In addition, 71 per cent. of workers also said that they either had taken, or were planning to take, a more precautionary approach to avoid exposure to asbestos at work. I think that we would all welcome that. The HSE is working in partnership with key stakeholders from the supply chain to increase the availability of all essential protective equipment recommended by the HSE to allow workers to work safely with asbestos.

I shall now focus on the report's recommendations on the provision of training and campaign activity. I welcome the recommendation to prioritise asbestos hazards in training provision for maintenance workers. The Government fully agree with the need for improved knowledge about asbestos, where it may be encountered and the appropriate precautions to take. The asbestos at work regulations already require training to be given to those at work who might disturb materials containing asbestos, even inadvertently. There are now many providers of such training. Most are members of the UK Asbestos Training Association, which the HSE helped to establish.

[Jonathan Shaw]

For other workers who might be exposed to asbestos, employers already have a general legal duty to provide training and instruction to allow their general duty of care to be met. Employers who undertake work in demolition or maintenance, or any other work that is liable to expose employees to asbestos, have a separate duty to assess whether asbestos is present or is liable to be present, or to assume that it is present and then to take all the necessary precautions to prevent exposure to asbestos fibres.

On the specific issue raised by UCATT, the training provided for local authority and other staff in the housing sector should already include knowledge of asbestos where that is appropriate to their role. The Government, through the HSE, will continue to promote relevant occupational health and safety training in the context of the risks that employees face. The HSE recognises the importance of maintaining that work and, in partnership with many, including UCATT, will continue to raise awareness.

The UCATT report also calls for a review of the content of all current training provision for maintenance workers. The Government agree that maintenance workers, particularly apprentices and young trainees, need to be aware of the risks of asbestos. The HSE has already recognised that, is working with a major training provider linked to the union UNITE and plans to extend this to other key training and syllabus-setting bodies. The HSE intends to influence national vocational qualification and other course content in this sector, as it has in other sectors. That approach, together with the legal requirements in the asbestos regulations for those already in the workplace, should lead to a much better informed younger work force.

Similarly, as I outlined earlier on the labelling of power tools, any campaign must be based on evidence of what works best and needs to be underpinned by research and impact assessment. It is worth noting that independent research confirmed that the HSE's campaigns targeting the building maintenance work force were effective in reaching and influencing their target audience—maintenance workers. The general public also noticed the campaign messages, and the HSE is planning a smaller campaign to maintain the impetus this year.

In conclusion, I confirm to my hon. Friend that the Government have done much since 1997, as a result of his badgering and hard work, to strengthen the legislation and control mechanisms concerning asbestos. That includes the total ban on the importation and use of asbestos—

10.57 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Tuesday 30 June 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

NEW WRIT

Ordered,

That the Speaker do issue his Warrant to the Clerk of the Crown to make out a new Writ for the electing of a Member to serve in this present Parliament for the Borough Constituency of Norwich North in the room of Dr. Ian Gibson, who since his election for the said Borough Constituency has accepted the Office of Steward or Bailiff of Her Majesty's Three Chiltern Hundreds of Stoke, Desborough and Burnham, in the county of Buckingham.—*(Mr. Nicholas Brown.)*

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

Afghanistan

1. **Mr. Adam Holloway** (Gravesham) (Con): What discussions he has had with the Afghan authorities on the conduct of the forthcoming presidential election in that country. [282687]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I met the Afghan Foreign Minister, Dr. Spanta, in Trieste on Friday. Our embassy in Kabul is in regular dialogue with the Afghan authorities, particularly the Independent Election Commission of Afghanistan, which is running the first Afghan-led elections since the 1970s. We are also in close contact with the United Nations Development Programme, which is co-ordinating the international effort to support the election commission. In Helmand province we are working with the election commission, the governor and the Afghan national security forces to ensure credible elections on 20 August.

Mr. Holloway: What reports has the Foreign Secretary received of fraudulent voter registration in the run-up to the elections, such as the mass registration of women in Nuristan?

David Miliband: My attention has not been drawn to the example that the hon. Gentleman has given, but the United Nations and other authorities have been as vigilant as possible in ensuring that the extra voters who have been registered—4 million or so have been registered, which is obviously a good thing—are indeed real voters. I understand that about 85 per cent. of people in Helmand province have been registered, and we are confident that the appropriate procedures have been followed there. However, if the hon. Gentleman has any particular evidence that he wishes to supply to me, I should be happy to have it.

Iran

2. **Mr. Philip Hollobone** (Kettering) (Con): What is his most recent assessment of the political situation in Iran; and if he will make a statement. [282688]

7. **Tom Brake** (Carshalton and Wallington) (LD): What recent reports he has received on the political situation in Iran; and if he will make a statement. [282693]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): It is for the Iranian people to decide on their Government. The whole world has watched the post-election debate, demonstrations and violence against protesters with mounting concern. The grim effectiveness of the clampdown by the authorities has clearly not ended the debate inside Iran.

We are extremely concerned about the continued detention of some of our locally engaged staff in Tehran. That constitutes unacceptable harassment and intimidation, as European Foreign Ministers made clear in their joint statement on Sunday. I have discussed the issue with Iranian Foreign Minister Mottaki, and we agreed in our second telephone conversation yesterday that a swift resolution was in both our interests.

Mr. Hollobone: Has it been possible to make an accurate assessment of the number of Iranian protesters who have been arrested and imprisoned, and have any British nationals been harassed or detained?

David Miliband: It has not been possible for us to conduct an independent assessment of the total number of protesters who have been arrested, let alone the number who have been intimidated. As for the hon. Gentleman's question about British nationals, he will know of the case of a dual-nationality Greek-British journalist who was detained for a time. The handling of his case is being led by the Greek authorities, and I talked to Foreign Minister Bakoyannis about it at the weekend. Obviously any detention or intimidation of journalists or diplomatic staff is to be deplored, which is why we are working so hard on the case that is currently at the top of our list of priorities: that of our own locally engaged staff.

Tom Brake: The European Union has said that there will be a "strong and collective response" if the issue of [illegible]assy staff is not sorted out. Can the Secretary of [illegible]us what the nature of that "strong and collective [illegible]nse" might be?

David Miliband: No, because one of the features of a strong and collective response is that we do not advertise its various aspects in advance. At this stage, it is important for the Government of Iran to recognise that the unanimous view was first that the arrest of the nine staff constituted intimidation and harassment of an unacceptable kind, secondly that it was imperative for the individuals concerned to be released unharmed as soon as possible and able to

go about their business, and thirdly that there would be a strong and collective response in respect of intimidation and harassment.

It is important to understand that what is happening in Tehran and the wider country is not a bilateral dispute between Iran and Britain. There is a debate within Iran about how the people want to be governed, but it is also the case that Iran seeks engagement with the wider international community. The wider international community is determined that that engagement should take place on the basis of mutual respect, including respect for all our staff.

Mike Gapes (Ilford, South) (Lab/Co-op): The Foreign Secretary will be aware that the Foreign Affairs Committee visited Iran two years ago, and we were greatly assisted in our visit by several locally engaged staff. Will he send a message, through whatever channels he has, to our people in Iran that the FAC greatly appreciates the work they have done for us and that our thoughts are with them at this time?

David Miliband: I am grateful to my hon. Friend for his comments. It is important that so many Members now recognise that some 10,000 of the 16,000 Foreign Office staff are locally engaged, increasingly in positions connected with political reporting and economic analysis. The nine staff who were arrested on Saturday constitute the locally employed element of our political and economic section in the embassy in Tehran. I am sure that my hon. Friend's thoughts and good wishes will be important to them, but there is a more general principle here: these staff operate for diplomatic purposes, and they should be given full respect for that role.

Mr. Denis MacShane (Rotherham) (Lab): As the Foreign Secretary correctly says, it is a matter for the people of Iran to choose their own Government, but it is also a matter for the rest of the world that President Ahmadinejad exports anti-Semitism, exports fundamentalist terrorism, that he may, if he gets nuclear weapons, export some of those, and that he also exports regional instability. We must be much firmer and actually call this gentleman for what he is.

David Miliband: I take my right hon. Friend's comment in the spirit in which it was intended. There has been disgust not just across this House but across the international community at the anti-Semitic remarks President Ahmadinejad has made in recent weeks and years. However, one thing that has become clear in the last few weeks in respect of other aspects of my right hon. Friend's question is that all power does not reside in the presidential office in Tehran: the role of the supreme leader is absolutely critical, not least on the nuclear file. It is therefore very important that we not only make clear our own views, but also understand the different layers of governance that exist in the Islamic Republic of Iran.

Mr. Edward Davey (Kingston and Surbiton) (LD): May I place on record my support for the Government's position on the British embassy staff arrested by the Iranian authorities, and reinforce the Foreign Secretary's message that Britain has been restrained and measured in response to the unrest since the Iranian elections? Given such sensitivities and the uncertainties over the future of internal Iranian politics, will the Foreign Secretary reassure the House that beyond the reasonable reaction to the unacceptable Iranian actions that we have seen, Her Majesty's Government will refuse to be provoked by the supreme leader, President Ahmadinejad and anyone else in the Iranian conservative leadership, and instead recognise that silence, patience and restraint at such a time can be the most powerful of diplomatic weapons?

David Miliband: First, I am very grateful to the hon. Gentleman for the preliminary part of his remarks. I am not sure that I can sign up to "silence", as that may be going a bit far in the conduct of foreign policy, but I certainly think we should be firm but not macho in the way we go about it, and that is what I shall try to do.

Mr. William Hague (Richmond, Yorks) (Con): It is of course utterly unacceptable intimidation that Iran continues to detain four locally engaged staff from our embassy, and in making that clear the Foreign Secretary has the united support of the House. This transparent ruse by Iran to portray what is a crisis of the credibility of its own Government, using violence against their own people, as a dispute with the United Kingdom is totally unjustified and will deceive, and should deceive, no one. We also support the proportionate steps the Government have taken in response to this, and strongly welcome the supportive stance of the other EU Foreign Ministers. When the Foreign Secretary spoke yesterday to Mr. Mottaki, the Iranian Foreign Minister, did Mr. Mottaki repeat the assertion by the Iranian Foreign Ministry that there was no wish to damage or downgrade relations with the United Kingdom, and if so, how did he square that with the continued detention of four of our staff?

David Miliband: Foreign Minister Mottaki was clear that he wanted to raise the level of engagement not only with this country but with other European countries. It is a matter of record that it is not the Ministry of Foreign Affairs in Tehran which goes around arresting people, but I made it very clear, and Mr. Mottaki understood and responded, that we did expect the Ministry of Foreign Affairs to engage actively in securing the release of the remaining staff. We want to take that process forward, and that is what is going on at the moment.

Mr. Hague: Let us look ahead on this matter. Given the failure in the past to agree meaningful European sanctions with real bite on Iran on the issue of its nuclear programme—that has been illustrated by the fact that oil and gas sanctions announced by the Prime Minister 18 months ago were never implemented—is it not vital to start work across the European Union during the rest of this year on the serious economic penalties that ought to follow if Iran does not enter into negotiations on its nuclear programme by the end of the year? Will the Foreign Secretary take the opportunity to send a strong message to other European capitals that although we all want to see a positive Iranian response to President Obama, if no meaningful progress is made by the end of the year, it will be necessary for the EU to take a dramatically hardened stance and demonstrate the will that has eluded it in the past?

David Miliband: I genuinely say to the right hon. Gentleman that I am disappointed by the first half of his question. He said that no meaningful sanctions with

bite were being imposed by the European Union, but for the record I should point out that the sanctions imposed by the EU as a result of Iran's flouting of the United Nations Security Council go beyond, and well beyond in a number of respects, the requirements of the Security Council. To portray the situation as one where there is a lonely voice on the Opposition Benches calling for tough sanctions in respect of the Iranian nuclear programme—*[Interruption.]*—and similar voices on the Government Benches against those of 26 recalcitrant European colleagues says more about his attitude towards his European colleagues than it does about the reality of the situation. This is not a matter where he needs to bring his Europhobia to bear, because there is a strong and united view among a number of countries in Europe on it and there is unanimous support for the actions that have been taken by the European Union. We will need to go further; private work needs to be done on the when and the how, but I should emphasise the word "private".

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): As one who visited Iran during a period of great tension, when we had nobody at our embassy and the American embassy was similarly closed—this was prior to the release of Terry Waite, John McCarthy and Brian Keenan—may I gently urge my right hon. Friend, despite the fact that I welcome everything he had to say, to accept that there is a difference between rhetoric and diplomacy?

David Miliband: I pay tribute to my right hon. Friend's long-standing interest in these issues and the humanitarian perspective that he brings to all our discussions. I agree that, of course, there is a difference between rhetoric and diplomacy. In this case, we have tried to be absolutely clear about things because, whether in respect of rhetoric or diplomacy, clarity helps. In this case, there is a clear and united demand from across the House and the country, from across Europe, and from the United States and others that these hard-working diplomatic staff, who are of Iranian origin and have Iranian citizenship, and who are doing an important job in a completely proper way, should be released and allowed to get on with their work as soon as possible.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Does the Foreign Secretary agree that the repression in Iran is already having consequences far beyond the borders of that country and has dealt a body blow to Iran's aspirations to be seen as the champion of Islam in the middle east? Has not President Ahmadinejad been revealed, not as a popular President who is governing with the consent of the people of Iran, but as a local despot who is sustained in power merely by the work of the militia and the police?

David Miliband: Perhaps the right hon. and learned Gentleman's question gives me a chance to point out the important independent role that has been played in Iran by the BBC Farsi service. Since its inception last year, it has established itself as an authoritative and independent reporter on that nation's affairs, and it has a very wide following in Iran. It is important to say that although it receives public money, it receives no public instruction as to how it should behave or what it should report. Crucially, in response to his question, I should point out that it has given an unvarnished view of the sort of violence that has been meted out by state authorities in Iran since the election. That has contrasted most strikingly with the passion of the debate that took place before the election day, which was a credit to Iran.

EU Regional Aid Programmes

3. **Andrew George** (St. Ives) (LD): What recent discussions he has had in the General Affairs and External Relations Council on progress in the delivery of EU regional aid programmes. [282689]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Chris Bryant): Delivery of the EU structural and cohesion fund programmes was discussed at the General Affairs and External Relations Council on 15 June. We are awaiting detailed proposals from the European Commission on an amendment to the structural funds regulation to allow accelerated funding, as suggested in its communication of 3 June on employment.

Andrew George: Notwithstanding the Minister's response, and given the uncertainty about and the cuts to the Learning and Skills Council, the Higher Education Funding Council and the regional development agencies budgets in the UK, what reassurance can the Minister give the EU Council and deprived UK regions, such as Cornwall and the Isles of Scilly, that those convergence programmes will not suffer from the lack of UK match funding?

Chris Bryant: I can make an absolute guarantee that not a single extra penny needed for match funding in the UK would be brought forward by this proposal, which has not yet been outlined in full detail by the European Commission. There would not be a single penny missing in relation to the European social fund, which, as the hon. Gentleman knows, has already delivered significant extra benefits in Cornwall through the EMBARK programme and Workforce Cornwall. I hope that he will not be touting round the myth that the proposal would bring in extra money—every penny of match funding has already been provided.

Tibet

4. **Harry Cohen** (Leyton and Wanstead) (Lab): What recent discussions he has had with his Chinese counterpart to seek to achieve progress towards Tibetan autonomy within an overall China. [282690]

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): The Foreign Secretary last raised the status of Tibet with Chinese Foreign Minister Yang during his visit to the UK in February during the UK-China summit. He called for substantive dialogue between the Chinese authorities and the Dalai Lama's representatives to address the underlying issues in Tibet.

Harry Cohen: Will the Minister urge his Chinese counterpart to end the outdated rhetoric of hostility towards the Dalai Lama and his Tibetan supporters? Will he tell him that that autonomy is a genuine and workable concept within an overall China, that it is not independence, as the hardliners pretend, and that it can help to provide an important degree of self-determination and can protect the unique Tibetan culture? Will the Minister take practical steps, such as offering to mediate, to help resolve this long-standing injustice?

Mr. Ivan Lewis: First, may I pay tribute to my hon. Friend for his long-standing interest and commitment on this very important issue? It is possibly early days for me to start mediating in such an historic dispute, but it is absolutely clear that we believe that the only way forward is for the Chinese authorities to resume bilateral discussions with the Dalai Lama's envoys. It is worth noting that it has always been the Dalai Lama's position not to advocate independence but to advocate autonomy. We believe that that is now consistent with the British position and that this window of opportunity should be used for the benefit of Tibet.

Norman Baker (Lewes) (LD): The UK Government have rightly promoted the idea of dialogue, as the Minister has just set out. Is not the reality that over many years the Chinese have engaged in dialogue but have never given any ground, even of a limited nature? What action are the Government taking to co-ordinate a response with other European Union countries, the United States and other allies to put pressure on the Chinese authorities to be a little less intransigent and to recognise the basic human rights of Tibet?

Mr. Lewis: Our position has recently become aligned, for the first time, with that of the European Union. There is a clear, strong and united position, and the European Union uses its dialogue with China constantly to raise the question of Tibet. For example, during the last round of our bilateral human rights dialogue we called for due process in Tibet and full transparency to allow unhindered access for diplomats and journalists. We also called for reform of the use of the death penalty to limit the scope of its application. Now that our position, for the first time, is aligned with that of the European Union, I believe that we have the best possible opportunity to influence the Chinese to do the right thing by Tibet.

Sri Lanka

5. **Mr. Andrew Love** (Edmonton) (Lab/Co-op): What his most recent assessment is of the political situation in Sri Lanka; and if he will make a statement. [282691]

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): Following the recent end to military operations, Sri Lanka has an historic opportunity to resolve the underlying causes of the conflict and to ensure a lasting peace. We have made clear our view that that can be best achieved through an inclusive political solution based on respect, equality and the rule of law, which addresses the legitimate grievances of all Sri Lankan communities, including the Tamil population.

Mr. Love: My hon. Friend will be aware that one of the continuing conflicts concerns the events that happened in the last weeks and days of the conflict in the north of the island and whether or not criminal actions took place. Will my hon. Friend redouble his efforts to persuade the Sri Lankan Government that they need to produce a report on those issues if they are to carry the peace process forward?

Mr. Lewis: It is important to put it on record that our immediate concern is for the safety of the more than 280,000 people who fled the fighting and are now being held in camps for internally displaced persons. That has to be our immediate concern, and we have allocated £12.5 million of humanitarian assistance to help Sri Lanka address those issues. In addition, we have been at the forefront in calling through the EU for an independent investigation into any violations. We have also supported the UN Secretary-General in his agreement with the President of Sri Lanka to conduct an appropriate investigation into any violations that have taken place. It is really important that we send the message today that we expect the President of Sri Lanka to convert that rhetoric into action.

Mr. Mark Field (Cities of London and Westminster) (Con): The Minister will be aware that this country, as well as having a significant Tamil population, also has many people from the Sinhalese area. What steps is he taking with the high commissioner in this country to ensure that there are harmonious relations between Sri Lankans living here in the UK?

Mr. Lewis: The best solution is to have a political dialogue that leads to peace and stability in Sri Lanka. One difficulty for the Tamil population and all minority communities has been to ensure that the Sri Lankans honour their commitment to enter into serious political discourse. We are very exercised about that, as we must put historical enmities behind us and start to build more inclusive relationships with Sri Lanka.

Middle East

6. **Mr. Eric Illsley** (Barnsley, Central) (Lab): What recent assessment he has made of the political situation in the middle east; and if he will make a statement. [282692]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): The UK continues to support a two-state solution in the middle east. We urge the parties involved and the Arab world to continue to build on the Arab peace initiative as the best basis for establishing long-term regional peace. We urge Israel to implement a complete freeze on settlement construction in line with its roadmap commitments, and we call on all Palestinians to be prepared to engage in peaceful negotiations with Israel. Facilitating peace in the middle east will remain a top priority for this Government, alongside developing the institutions of a Palestinian state.

Mr. Speaker: Eric Illsley.

Mr. Illsley: Thank you, Mr. Speaker, and may I offer you my belated congratulations? Will my right hon. Friend maintain a commitment to persuading the Israeli Government to accept the idea of a Palestinian state? Does he accept, however, that if that state is too bound in by conditions and a commitment to retain settlements it will be absolutely unacceptable to the Palestinian authorities and the international community?

David Miliband: I maintain that commitment very strongly. The Government's position is very clear: a two-state solution must be based more or less on the 1967 borders, Jerusalem should be the capital of both Israel and Palestine, and there needs to be a fair settlement of the refugee questions. That is at the heart of securing any stability, never mind security or justice, for Palestinians—and, I argue, for Israelis too. That is why it will remain at the heart of our policy.

Mr. Ben Wallace (Lancaster and Wyre) (Con): In the past, whatever we thought of the regime running Iran, the EU3 plus 3 countries recognised that it ruled by some form of consent. In the light of the recent elections, does the Foreign Secretary believe that the new president—or President Ahmadinejad—rules by consent? If not, how can we begin negotiations to solve problems to do with the middle east or the nuclear issue?

David Miliband: As I said earlier, there is no way that we are able to count the ballots, and we are not in a position to say whether President Ahmadinejad got 63 per cent. of the vote. Debate remains intense in Iran, and we are watching the process extremely carefully. We will have to address questions about the Government of Iran, and I understand that the inauguration of a new president is scheduled for 26 July. Over the coming three weeks, we will work intensively with our partners to ensure that there is a united international position in respect of dealings with the Iranian Government.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): As soon as this Question Time is over, will my right hon. Friend the Foreign Secretary contact his Israeli counterpart about the civilian ship, the Spirit of Humanity, aboard which is a constituent of mine? Its cargo of medical and humanitarian supplies was thoroughly inspected by the port authorities before it left Larnaca yesterday, but the vessel is now surrounded by Israeli warships in international waters. The Israeli forces have disabled the ship's equipment, have threatened to fire on the ship and have now boarded it. Will he insist to the Israeli authorities that they desist immediately from these blatant violations of international law?

David Miliband: I shall certainly follow up my right hon. Friend's question; he mentioned the issue to me on the way in to the Chamber. If the contact has not been made already, it will be made as soon as Question Time is over. It is obviously vital that all states respect international law, including the law of the sea. It is also important to say that we deplore the interference by the Israeli navy in the activities of Gazan fishermen, which has been brought to my attention on previous occasions. Resolution 1860 was clear about the basis of peaceful progress in respect of Gaza, and we are determined to uphold all of its aspects.

Sir Nicholas Winterton (Macclesfield) (Con): Can the Foreign Secretary indicate when he last discussed the middle east with President Barack Obama of the United States? He will agree that the United States probably stands a greater chance of exercising influence in the middle east than any other major power in the world. It is important that we create a stable government in both Palestine and Israel.

David Miliband: The hon. Gentleman is right that the United States has a pivotal role in promoting a peace process and a peace plan for the middle east. I think he will agree with me that the determination of the Obama Administration to engage on this issue from day one has been a welcome contrast to the rather belated interest in the middle east which has been shown by previous Administrations. Before 20 January, the European countries unanimously asked for that engagement, and since then the stance of the US Administration has been clear, principled and forceful. I welcome that wholeheartedly.

Mr. David Winnick (Walsall, North) (Lab): While I agree with my right hon. Friend that at last we have an American President who recognises the suffering and the plight of the Palestinian people, is it not unfortunate that this wretched Israeli Administration continue to build illegal settlements in defiance of international law? What action is going to be taken by the leading powers over what Israel is doing?

David Miliband: The position of the Government on settlements is clear—settlements are illegal under international law and a major blockage to peace in the middle east on the basis of a two-state solution. Reports are coming through that the Israeli Ministry Of Defence yesterday granted permission for 50 new housing units at the Adam settlement, which we completely deplore. This is the worst possible time for new settlements to be initiated or for construction to be started. We are at a vital moment as the new American Administration come to a decision about how they will prosecute their commitment to a two-state solution, and the call for a settlement freeze is clear and wholehearted.

Mr. David Lidington (Aylesbury) (Con): Does the Foreign Secretary agree that it will be hard to build trust and peace in the middle east while hundreds of thousands of people in Gaza are still without sanitation, adequate medicine or the materials that they desperately need to begin reconstruction? What action are the British Government taking to find ways to allow supplies into Gaza in order to end what the International Committee of the Red Cross described a couple of days ago as an "unending cycle of deprivation and despair"?

David Miliband: I am very glad that the hon. Gentleman continues to draw attention to the Gaza issue, because so do we. The danger is that Gaza gets left behind in discussions of a peace plan or peace process. On Friday at the G8 meeting, I made a point of saying that the UK believed that we could not pursue a Gaza-last policy, that practical help in Gaza was essential—our £46 million of aid is just a part of that—and that adherence to the call of the UN Security Council resolution for an immediate opening of the crossings is in the interests of all right-minded people in thinking through how we can build any kind of solution or trust, to repeat the word that the hon. Gentleman used, in the middle east.

Richard Burden (Birmingham, Northfield) (Lab): My right hon. Friend has been very clear about the Government's position on Israeli settlements. President Obama, in his Cairo address, made it clear that Israeli settlements on the west bank have to stop. On 26 June, the G8 too was entirely clear that Israeli settlements on the west bank have to stop, but they are still carrying on, so perhaps the key question is: what can the international community do to ensure that Israel implements in practice its obligations under international agreements?

David Miliband: That is indeed a key question—or the key question. Defence Minister Barak is in Washington or New York today for talks with former Senator Mitchell. That is a key part of the engagement between the United States and Israel in preparation for further development of the American peace plan. We should see how those talks go, but my hon. Friend is absolutely right to say that a settlement freeze is now universally recognised as absolutely key to progress.

Helmand Province

8. **Mr. Tobias Ellwood** (Bournemouth, East) (Con): What his most recent assessment is of the effectiveness of the provincial reconstruction team in Helmand province. [282694]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): The provincial reconstruction team's mission in Helmand is to help the Afghan Government to deliver effective governance and security. The number of UK civilian staff working on a joint civilian-military operation has more than doubled since 2008 to more than 80, and all of them are delivering tangible results for the people of Helmand. The PRT has helped to built nearly 2,000 wells, benefiting more than 400,000 people. It has contributed to 160 district infrastructure projects, reaching more than 300,000 families, and provided paid work for nearly 19,000 people.

Mr. Ellwood: In the Opposition day debate on Iraq last week, the right hon. Member for Birmingham, Ladywood (Clare Short), a former Secretary of State for International Development, admitted that she deliberately instructed her Department to have nothing to do with the Ministry of Defence or the Foreign and Commonwealth Office in the drawing up of reconstruction plans once the war fighting had stopped in March 2003. With no plan, chaos ensued for many years. We are now in our seventh year in Afghanistan. As US assistance is required in Helmand province, it seems that there are still lessons to be learned from Iraq. Is it not time there was a major overhaul of how the MOD, the FCO and the Department for International Development conduct modern stabilisation operations, as outlined in recommendation 16 in a powerful Institute for Public Policy Research report issued today?

David Miliband: That is indeed a good IPPR report, which fully endorses the idea of a joint civilian-military operation in Afghanistan. That has been pioneered by the DFID-FCO-MOD liaison in Helmand province. Of course, as I have discussed with the hon. Gentleman on a number of occasions across the Dispatch Box, we should always seek to learn lessons and improve the operation, but I hope that he will agree that the shared leadership across the traditional civilian-military divide in our operation in Helmand is indeed the right way forward. I hope that he will also agree that the bravery of the civilian aid workers and diplomats, alongside that of the military, has made a difference. As for whether there is further to go, of course there is, and we will certainly look at the IPPR report and other ideas—including those of the hon. Gentleman, because he has experience in this respect—in order to take the matter forward.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Reconstruction cannot happen unless we have security. Security requires a national military and a national police force. Is the Secretary of State satisfied with the progress that we have made in supporting and building up the Afghan national police force in Helmand?

David Miliband: No—or rather, I am satisfied that we have made an awful lot of effort, but I am not satisfied with overall progress, for obvious reasons. My hon. Friend will know from the debates that we have had in this House and elsewhere that the development of a trusted Afghan police force is perhaps the major challenge, or certainly one of the major challenges, that we face. The appointment of some of the new district governors under Governor Mangal in Helmand is making a sincere and real difference in that province, but to claim that things are better than patchy would be an exaggeration. The issue is certainly a priority that we intend to pursue.

Mr. Keith Simpson (Mid-Norfolk) (Con): Many hon. Members think that the Foreign Secretary's comments about progress in Helmand province are optimistic. Recently, a lot more effort has been made in that area, but NGOs, hon. Members, and military and civilian experts believe that it is ludicrous that less than 10 per cent. of British aid to Afghanistan goes to Helmand province. I draw the Foreign Secretary's attention to an article by an Army officer published in the most recent issue of the *British Army Review*, entitled "A Comprehensive Failure: British Civil-Military Strategy in Helmand Province". We are catching up very slowly indeed. I am afraid to say that although there has been a loss of British military personnel, and there are threats to the lives of brave British civilians, the British Government have so far failed to pull together a comprehensive strategy. I am afraid, Foreign Secretary, that it has been a failure.

David Miliband: I think that the denigration of the efforts of the people on the ground, who have, as the IPPR report says, led the way on improving civilian-military stabilisation efforts is beneath the hon. Gentleman. The truth is that we pay our development aid through the Afghan Government, according to the best practice of international development around the world. We are not seeking to establish a British county in Helmand. We are supporting indigenous efforts, led by Governor Mangal, to build reconstruction as well as security in that province. As for the founding facts that I mentioned, facts are neither optimistic nor pessimistic. I offered no optimism or pessimism. I recited facts about the number of people who have been helped by the efforts of the provincial reconstruction team. I also said to the hon. Member for Bournemouth, East (Mr. Ellwood), who has taken a long-standing interest in this matter, that there are a number of areas in which we all need to do better, led by the Afghan authorities, and that is what we are determined to do.

Sri Lanka

9. **Mr. Malcolm Moss** (North-East Cambridgeshire) (Con): What his most recent assessment is of the human rights situation in Sri Lanka; and if he will make a statement. [282695]

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): We remain concerned at continuing reports of abductions, disappearances, violence and intimidation against the media, all of which appear to affect Tamil communities disproportionately. We raise these issues regularly in international forums and with the Government of Sri Lanka and call upon them to take decisive action to tackle human rights abuses.

Mr. Moss: Does the Minister agree that after 25 years of bloody conflict in Sri Lanka, any reasonable Government would reach out to the defeated community, not incarcerate about 300,000 Tamils, many of them children and the

elderly, in squalid and inhumane detention camps? What are the Government doing to improve humanitarian conditions in those camps? More important in the longer term, what are the Government doing to persuade the Sri Lankan Government to close down the camps entirely and allow those innocent people to return to their homes and families?

Mr. Lewis: Since last year we have made sure that a total of £12.5 million of humanitarian assistance has gone specifically to deal with the displaced civilians. We have made it clear that we want the UN and humanitarian agencies to have full access to those civilians. But as the hon. Gentleman said, the long-term solution is political. On the political direction that the president of Sri Lanka has indicated towards a new inclusive Sri Lanka, we have to see step-by-step evidence of action. There have been encouraging words since the conflict was brought to a close, but confidence-building measures on the ground are now needed to demonstrate that the Government of Sri Lanka are serious about a new inclusive country where Tamils and other minorities feel that they have an authentic voice and equal status.

Jeremy Corbyn (Islington, North) (Lab): I thank the Minister for what he just said. Does he agree that the continued incarceration of large numbers of Tamil people in refugee camps is a form of imprisonment, and that denying the right to return home is illegal under international law? Will he make it clear to the Sri Lankan Government that they must not try to resettle the Tamil people outside their traditional homelands, villages and towns, in order to bring about some degree of stability in the future?

Mr. Lewis: My hon. Friend is right. The first test of the good intentions and political will of the Government of Sri Lanka is how they treat the displaced civilians. It is imperative that those people return home as soon as possible and that they are given the opportunity to begin to rebuild their lives. That will be the greatest evidence that things are changing for people on the ground in that country.

Lisbon Agenda

10. **Nadine Dorries** (Mid-Bedfordshire) (Con): What recent discussions he has had in the General Affairs Council on progress on the Lisbon agenda; and if he will make a statement. [282697]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Chris Bryant): The Lisbon agenda was not discussed at the recent General Affairs Council. However, the incoming Swedish presidency and the forthcoming Spanish presidency have indicated their intention to progress work on the EU's next strategy for sustainable jobs and growth as a successor to the current strategy, which expires in 2010.

Nadine Dorries: As the Lisbon agenda is supposed to be about economic competitiveness, why are the Government consenting to proposals for a pan-European financial regulator which could threaten the competitiveness of the City of London?

Chris Bryant: I think that the hon. Lady wrote that question before the Council meeting, when it was made clear that there would be no fiscal implications for the UK and that we would be able to maintain our competitiveness. Most of the City has welcomed the fact that we need to make sure that across the whole European Union there is a proper system of risk management so that we can compete with the rest of the world.

Tom Levitt (High Peak) (Lab): Does my hon. Friend agree that the Lisbon agenda is about setting up the mechanism whereby Europe can effectively tackle the problems of the international economy, of trade and of the environment by bringing together mainstream groups from every country? That is the way forward, rather than opting out to the fringe—lunatic and otherwise—which is the Opposition's policy.

Chris Bryant: My hon. Friend makes a fair point. The most important point, surely, is that we know that, as a country, we do not have a hermetically sealed economy. Our economy is reliant on trade with other countries throughout the European Union, and if we are not to undermine that trade, we have to ensure that there are strong economies throughout the whole continent. That is precisely what the European Council is doing.

Mr. Mark Francois (Rayleigh) (Con): Given today's remarkable legal judgment in Germany to suspend ratification, it is a great shame that the original question was not about the Lisbon treaty. But as it is not, I shall observe that the Lisbon agenda was intended to make the EU the most competitive and dynamic knowledge-based economy in the world by 2010—and that with one year to go, there is clearly a lot still to do. Will the Minister assure us that there will be no weakening of the British position on our critical opt-out from the working time directive, which is now used by 15 EU countries and directly affects some 3 million people in this country alone?

Chris Bryant: As the hon. Gentleman did not ask about Germany's Constitutional Court judgment today—because you, Mr. Speaker, would not have allowed him to do so under this question—I shall not answer today that, of course, that is a matter for Germany, and not for the United Kingdom to reply to. However, I can say to him that of course we need to ensure that our opt-outs stand firm, and that is precisely what we intend to do.

Topical Questions

T1. [282712] **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): If he will make a statement on his departmental responsibilities.

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I hope that the House will join me in welcoming the UN Secretary-General's determination to visit Burma this week. The political and human rights situation in the country is dire and demands the world's attention. Ban Ki-moon's personal engagement underscores the concern of the international community. It presents an opportunity for the military Government to respond to those concerns by releasing

Aung San Suu Kyi and all other political prisoners, and by beginning a credible and inclusive dialogue that leads to political reconciliation and a new start for Burma.

Mr. Carmichael: I certainly wish to associate myself with the Foreign Secretary's remarks, but may I take his attention back to Iran, and in particular to the situation facing the seven Baha'i spiritual leaders who have been in detention for more than a year and are apparently to stand trial on 11 July, whose lawyers are reported to have suffered intimidation, and who do not yet know the nature or the number of charges against them? Will the Foreign Secretary bring pressure to bear from this country and others to ensure that their trial conforms to the principles of natural justice?

David Miliband: The hon. Gentleman raises an important point. We have long spoken up about the treatment of the Baha'i minority; they were featured in the Foreign Office's human rights report, and he is right to draw attention to the importance of the events on 11 July and beyond.

T2. [282713] **Julie Morgan** (Cardiff, North) (Lab): Given the information that only two people will be able to testify in defence of Aung San Suu Kyi, and given the mockery of the trial in Burma, what more can the Government do about that event?

David Miliband: It is a cruel irony that the regime should have tried to schedule the next date of the trial for this Thursday—the day that Secretary-General Ban Ki-moon goes to Burma. Our best hope is to support his mission and to be absolutely clear that there is unanimous support for it from the international community. We very much hope that either he will come back with progress or the Security Council will return to the issue.

T3. [282714] **Mr. David Heathcoat-Amory** (Wells) (Con): Will the Department pay particular attention to the dangers of nuclear proliferation, and does it think it strange that this country continues to give a lot of foreign aid to countries that are building nuclear weapons? In particular, is the Department aware that the biggest single recipient of British aid is a country with a nuclear weapons programme, a space programme, a development programme of its own and more billionaires than we have, who own substantial chunks of British industry? I am referring to India.

David Miliband: I thought that the right hon. Gentleman was going to cite our support for Pakistan; if he was in fear of radicalisation, I would have one answer. In respect of India, he will know that British aid now amounts to about £240 million over this spending review period, but it is on a declining trend, and by 2011 will have stopped, not because of the Indian nuclear programme but because India is becoming a richer country. It is clear from international development legislation since 1997 that development aid should be directed according to poverty, and that is the basis on which India is pulling itself away from aid, according to its own wealth-generating potential.

Ann Clwyd (Cynon Valley) (Lab): What discussions has my right hon. Friend had with his US counterparts on the BBC's allegations of prisoner abuse at Bagram air base? Is it not a fact that two British prisoners have either been held there in the past or are being held there now? Will my right hon. Friend take some action on that important issue?

David Miliband: Obviously, this is a US issue, not a UK issue. All detainees taken under British control are governed by our memorandum of understanding with the Afghan authorities, which requires the passing of detainees to those authorities. I think that the US Administration themselves have made clear their determination to get to the bottom of the issue of detainee treatment at Bagram. A review by the US authorities is currently under way, and we look forward to its being concluded as soon as possible.

T4. [282715] **Mr. Hugo Swire** (East Devon) (Con): Three armoured vehicles financed by the UK taxpayer destined for use by the UN in Gaza have been refused entry. Ludicrously, they have incurred more than £40,000 in storage charges at an Israeli customs depot. What discussions has the Foreign Secretary had with the Israeli Government about getting that situation resolved?

David Miliband: The hon. Gentleman raises an important point. I raised precisely this issue with Foreign Minister Lieberman when he came to London six or seven weeks ago. I understood that there had been some progress, but on the basis of the question that the hon. Gentleman has asked, I shall be happy to write to him as soon as possible to give him the latest position. He is absolutely right to say that the vehicles are needed for humanitarian delivery purposes. They are essential, they are from the British taxpayer, and there is no reason why they should not be taken out of their compound and delivered as soon as possible.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): Neither the Palestinian people nor the middle east peace process are well served by divisions among the Palestinian voices. Does my right hon. Friend agree that the failure to respond to the humanitarian crisis and the desperate need for reconstruction in Gaza are doing exactly what is not in the interests of the Israeli Government either—fuelling militancy and creating disunity among the Palestinian voices? Will he therefore redouble his efforts to bring pressure to bear on Israel to allow humanitarian and reconstruction aid into that living prison?

David Miliband: I am happy to redouble my redoubled efforts. My hon. Friend is absolutely right to say that the closure of the crossing serves no one except those who want to say that there can be no peaceful resolution. I think that she would also agree, however, that the divisions among the Palestinians themselves are an important impediment that needs to be overcome. That is why we strongly support the Egyptian-led reconciliation process, in which I know that she has taken an interest.

T5. [282717] **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): Is the Foreign Secretary aware that among the appalling abuses perpetrated by the Iranian regime is its record on executing children? According to a report to be published today by the Foreign Policy Centre, in the past five years 33 children have been executed, and a further 160 juveniles are on death row. Will he work through international bodies to put pressure on the Iranian regime to end that abhorrent practice?

David Miliband: I am glad that the hon. Gentleman has drawn attention to the excellent work of the Foreign Policy Centre, especially in this regard. The number of children executed in Iran was rightly highlighted in the Foreign Office's human rights report. Not only does this run directly contrary to all sorts of humanitarian considerations, but Iran is a signatory to the international covenant on civil and political rights; that at least, if nothing else, should guarantee proper safety for the children.

Mr. David Clelland (Tyne Bridge) (Lab): Will the Foreign Secretary update the House on the situation with regard to the Turks and Caicos Islands? Notwithstanding the serious problems that have arisen there, does he agree that it would be far better for Her Majesty's Government to work with the new democratic Government than to take the draconian step of returning the islands to colonial rule, which would be unpopular not only in TCI but right across the wider Caribbean?

David Miliband: It is important that we make sure that there is no corruption in the Turks and Caicos Islands. I pay tribute to the report by the Foreign Affairs Committee on this matter, which pointed us to the process that has led, first, to an interim report, and secondly to a final report, which we hope to publish soon. It would be wholly inappropriate for us to take no action whatsoever with regard to very serious issues that have been highlighted by the commissioner.

T6. [282720] **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): Two years ago, I asked the then Prime Minister why Britain was providing training for members of the Sudanese military. I was told that it was part of a peace agreement that had been signed in January 2005. Given that the whole peace process in Sudan is now in total disarray, that President Bashir has been indicted by the International Criminal Court and that Darfuris and other minorities continue to be persecuted, does the Foreign Secretary believe that it is time to review our military obligations to that vile regime?

David Miliband: I certainly think that it is time that the Foreign Secretary reviewed the exchange that the hon. Gentleman had with the former Prime Minister two years ago and then updated him on our reflections on it. One has to be slightly careful about saying that the comprehensive peace agreement has completely failed, because that is what is holding the situation together, to the extent that it is held together at all.

The Minister of State from the Sudanese Government was in Trieste with me last Friday, and one thing that the UK Government have prioritised is the maintenance, development and implementation of the CPA, which is the only basis for legitimate government in Sudan. However, I take the hon. Gentleman's point that in no way should the UK Government support vile regimes, and will we certainly look into that.

Mr. Speaker: Order. We have just over five minutes to go and I want to accommodate as many hon. Members as possible, so I am now looking for short questions and economical answers.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): When I was in Afghanistan with the European Security and Defence Assembly slightly more than three weeks ago, the commanders in the international security assistance force made it clear to me that in many ways there was a common view between the Iranian Government and ISAF on how to deal with the Taliban. Does my right hon. Friend agree that that is a very important issue, and an area of some common ground?

David Miliband: Iran certainly has a very strong interest in counter-narcotics work there. Until I have more details of what my hon. Friend thinks the Iranians said to ISAF, I think I should restrain my comments on that, but Iran certainly has the potential to contribute to stability in Afghanistan, and we should certainly work with it on that prospect.

Sir Menzies Campbell (North-East Fife) (LD): Last week, the Foreign Secretary repeated the Prime Minister's claim that the Iraq inquiry had not been set up to establish civil or criminal liability. Does that mean that the Government propose to grant legal immunity to any witness who gives evidence to the inquiry—and if so, by what means?

David Miliband: I remember no discussion of legal immunity in our debate last week. We have a clear mandate for Sir John Chilcot to pursue a wide-ranging inquiry. He will do so, and I hope that he will publish in the not-too-distant future his views on how he is going to conduct his inquiry, covering all the issues that were raised in the debate last week. That is the right next step.

Martin Linton (Battersea) (Lab): In view of the Secretary of State's view, now shared by the US and clearly restated a few moments ago, that settlements are the absolute key to progress, and in view of Israel's repeated refusal to institute a freeze on settlement building, does the Minister agree that the stalemate can be broken only if a sanction of some kind is imposed on the Israeli Government for their defiance of international law?

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): We have made it clear that, as my hon. Friend says, settlements are illegal and a major impediment to peace. We are encouraged by the fact that President Obama's speech in Cairo was seen as such a significant development, and we regard Prime Minister Netanyahu's response as a step forward, although only a small one. At this stage in such a delicate process, the question of sanctions may be best put on hold. However, our feelings about settlements are clear: settlements are illegal, and they are getting in the way of the peace process.

Lembit Öpik (Montgomeryshire) (LD): Regarding the seven Baha'i leaders detained in Iran, may I ask the Foreign Secretary whether he will meet me, as the chair of the all-party Baha'i group, and a delegation of Baha'is, to understand the issues and see what representations might respectfully be made to secure their release?

David Miliband: I am happy to arrange a ministerial meeting with one of my colleagues on that important issue.

Mark Durkan (Foyle) (SDLP): The Foreign Secretary has registered his concern about the announcement yesterday of the Israeli Defence Ministry's plans in respect of Adam. Is he further concerned that the overall master plan is for 1,450 units there and involves the immediate relocation of 50 hard-line settler families from Migron? Beyond the screensaver diplomacy and the backing vocals for George Mitchell in the House,

what clear, strong message will go to the Israeli Government, and what reliable and credible message will go to the Palestinian Authority?

David Miliband: I think that Senator Mitchell's efforts are far more than screensaver diplomacy, because they are backed by the President of the United States and have the wholehearted support of the European Union, never mind the Quartet, along with a battery of UN Security Council resolutions. That is why people are now talking about a middle east peace plan, not just a process—or another process—that fails to deliver. I share the hon. Gentleman's sense of urgency and frustration about the issue, but I believe that there is now a more united international effort than has existed previously. It needs to be brought to fruition.

Greg Mulholland (Leeds, North-West) (LD): The excellent charity Kidz In Kampz, which is based in my constituency, reports increasing difficulty in delivering aid on the Burma-Thailand border because of political turmoil. As well as putting pressure on Burma, what discussions has the Foreign Secretary held with the Thai authorities in trying to read that difficult situation?

David Miliband: The hon. Gentleman makes an important point. He knows that in the wake of Cyclone Nargis, the UK was the second largest donor to humanitarian help in Burma. We think that that was the right thing to do. I was not aware of the particular case that he raises, but I spoke—not recently but some time ago—to the Thai Foreign Minister, and I shall be happy to get an update from our embassy in Thailand about the latest Thai effort. The hon. Gentleman is right to say that Thailand has an important role to play.

Paul Flynn (Newport, West) (Lab): The deployment of British troops in Helmand province in 2006 was once described as being as futile as the charge of the Light Brigade. At that time seven soldiers had died; now the figure is 169—far more than died in the charge of the Light Brigade. What has happened in that impossible war to justify the loss of 169 brave British lives?

David Miliband: My hon. Friend is right to pay tribute to the bravery, intelligence and skill of our servicemen and women in Helmand. They have made a huge difference in that province, which was previously ungoverned space. As I said earlier, there is still a long way to go, but the help that people are getting, the security forces that have been established, and the role that Governor Mangal has played in political leadership for that province would not exist without the efforts of our troops and their supporters. The further intensive activity as a result of American efforts in neighbouring provinces means that the next few months will be important in Helmand, as well as in the rest of Afghanistan. Voter registration has happened for 85 per cent. of the population of Helmand, which would have been impossible before 2006.

21st Century Schools

3.32 pm

The Secretary of State for Children, Schools and Families (Ed Balls): May I take this opportunity to welcome you, Mr. Speaker, to your position and congratulate you on your elevation?

Over the past 12 years, school standards have risen significantly in our country, and our education system has changed beyond recognition. The number of secondary schools with at least 30 per cent. of pupils failing to achieve five good GCSEs, including English and maths, has fallen from over half in 1997 to just one in seven schools today. We now have more than 40,000 more teachers, backed up by more than 200,000 more support staff. We now also have 200 national leaders of education, compared with none in 1997.

Our best state schools now match the best schools in the private sector and anywhere in the world. The reason is that we have rebuilt the school system on a foundation of sustained record investment, matched by tough accountability. That is why we can now go further and transform our school system to meet the challenges of the 21st century.

Our country faces an economic imperative, because every young person now needs skills and qualifications to succeed, and a moral imperative, because every child and young person has potential and can do well with the right help and support. It is to meet those twin imperatives that I am today publishing our 21st century schools White Paper, based on new guarantees for pupils and parents; a significant devolution of power and responsibility to our school leaders, matched by strengthened school accountability; and an uncompromising approach to school improvement, because we want every child to succeed and we will never give up on any child.

First, we will now legislate for our pupil guarantee, to ensure: that all young people get a broad and balanced curriculum and high-quality qualifications, whether their strengths are practical, academic or both; that every secondary pupil has a personal tutor; that all pupils get five hours of PE and sport every week and access to cultural activities; that gifted and talented pupils get written confirmation of the extra challenge and support that they will receive; that all pupils with additional needs get extra help, with 4,000 extra dyslexia teachers; and that all pupils in years 3 to 6 who are falling behind in English or maths get one-to-one tuition to help them to get back on track. We will now extend the offer of one-to-one or small-group tuition to all pupils at the start of secondary school who were behind at the end of primary school. Following the report of the expert group on assessment, we will now introduce a new progress check at the end of year 7, so that parents can be confident that their child has made up the lost ground.

Our new parents' guarantee will ensure that all parents get regular online information about their child's progress, behaviour and attendance. It will also ensure access to their child's personal tutor and fair school admissions in line with the admissions code, as well as ensuring that parents' views will be listened to and reported in the school report card, so that all parents know what other parents think when choosing a school. Where parents are unhappy with the choice of schools on offer to them, local authorities will have to listen to and respond to their concerns, based on an annual survey of parents.

Because all parents want their children to learn at an orderly school, where they are safe from bullying and lessons are not disrupted by bad behaviour, we will now legislate to strengthen home-school agreements, so that all pupils and parents will accept the school's rules when they apply for a school place and will be expected to sign up to renew their commitment every year; schools will have stronger powers to enforce discipline through intensive support, parenting contracts and parenting orders; and parents will have the right to complain and expect action if schools fail to act to enforce the home-school agreement.

Building on the success of the literacy and numeracy hours of the national strategies, which will continue in all schools, with Ofsted continuing to inspect them as now, we will devolve power and funding to school leaders to decide, with ring-fenced funding, what support they need, school by school, to drive up standards further. We will also ensure that schools can get the support that they need from other services through children's trust boards and encourage multi-agency teams based in schools. The new chair of our independent bureaucracy watchdog will review any unnecessary obstacles that get in the way of delivery. Building on the success of our national leaders in education and academies programmes, we will now act so that our best head teachers can run more than one school, with better pay for executive heads. We will accredit high-performing schools, colleges and universities to run chains of schools in not-for-profit accredited schools groups, with the first providers up and running by January. Already nine schools, one multi-academy sponsor, four colleges and four universities, including today Nottingham university, have come forward, and I am today setting aside funds over the next years to support their growth.

We will match this transformation in school leadership with a transformation in school accountability. School league tables are easy to read, but because they present a narrow view of performance, based solely on the attainment of the average pupil, they cannot provide the full picture that parents need. Our new school report card will include full information on school attainment, but will go beyond that. It will set out clearly for parents how the school is improving standards and how well it is helping those pupils who fall behind to catch up and stretching the most able. The school report card will also report on discipline, attendance, sport, healthy eating and partnership working, and set out what parents and pupils think of the school. We will begin pilots of our school report card this September, but although we will consult further, I am now convinced that if parents, newspapers and websites are to make fair, clear and easy-to-understand comparisons between schools, our school report card will need to include a single, overall grade.

As a world-class schools system needs a world-class work force, we are making teaching a masters-level profession, and we will now introduce a new licence to teach, similar to that used by other high-status professionals such as doctors and lawyers. Teachers will need to keep their practice up to date to renew their licence, and they will be given a new entitlement for continued professional development. We will start with newly qualified teachers

[Ed Balls]

beginning their training this September, those returning to teaching from September 2010 and all supply teachers shortly afterwards. We will make governing bodies slimmer and more highly skilled, and require all chairs to undergo specific training.

The primary responsibility for school improvement lies with head teachers and governing bodies, including their chairs, but where progress is too slow and performance does not improve, local authorities have a responsibility to act. Since we set out our national challenge and our coasting schools challenge, local authorities have drawn up improvement plans and we have already announced 55 new academies and 27 national challenge trusts. Today, I am giving the go-ahead to two new academies, in Halton and in Redcar and Cleveland, and confirming funding agreements for two further academies in Nottingham and Hertfordshire—all replacing national challenge schools.

Some argue that where underperformance is entrenched, where locally led change is not working and where excuses are being made, the right approach is to stand back, to let schools wither and slowly decline, and to allow the children and young people in those schools to pay the price. I disagree. I believe that the Government have a responsibility to step in and demand improvement. I will not shirk that responsibility.

Following Ofsted's December 2008 assessment of Milton Keynes, which found children's services there to be inadequate, with serious weaknesses in secondary school attainment and improvement, we commissioned an independent performance review. The review concluded that, despite some progress, urgent improvement was still required. The Children's Minister has today written to the council in Milton Keynes, directing it under section 497A of the Education Act 1996 immediately to appoint Mr. Peter Kemp to chair an independent improvement board that will report directly to Ministers, and to submit and agree an improvement plan.

The Schools Minister and I are concerned about the rate of progress in Leicester, where we issued an improvement notice last June. So I am today asking Sir Mike Tomlinson, the chair of our national challenge expert advisers, to provide us with a progress report in September. On the basis of his report on Leicester and of this summer's results, we will consider whether further action is needed.

I am also asking our expert advisers today to work with Blackpool and Gloucestershire—areas that need to make more progress—to identify what more needs to be done to deliver the national challenge and to report back to me on progress in September. If this year's exam results reveal serious weaknesses in those areas, or in any other area of the country, I will do whatever it takes to secure the progress of children and young people.

With this White Paper, we match continued investment with reform and higher expectations, so that we can meet the economic imperative by ensuring that every young person gets the qualifications they need, and so that we can meet our moral imperative by ensuring that every child can succeed, whatever barriers they face. I commend this statement to the House.

Michael Gove (Surrey Heath) (Con): I thank the Secretary of State for his statement. This is high summer, the season when the BBC's screens are filled with repeats. It has nothing original to offer, so it serves up old material that flopped on first appearance simply to fill the airwaves. As it is with the BBC, so it is with the Secretary of State. No wonder this document is printed on recycled paper. Indeed, the White Paper is about as original, fresh and innovative as the Secretary of State's performances on the BBC's "Today" programme.

May I ask the Secretary of State why he is today offering one-to-one catch-up tuition, personal tutors for all pupils, and tuition groups for those in secondary schools as though those proposals were new and exciting, when in June 2007, the Prime Minister promised one-to-one catch-up tuition, personal tutors for all pupils, and tuition groups for those in secondary schools? And he has still failed to deliver. I know that the Secretary of State relishes his role as the Government's attack puppy, and his special vocation as the Prime Minister's "mini-me", but when will he realise that simply repeating the same old nonsense over and over again ad nauseam has not exactly helped the Prime Minister to new heights of popularity, and it will not help him?

In the White Paper, the Secretary of State pledges to guarantee a whole series of high-falutin' promises on better discipline and higher standards, and says that he will legislate to ensure that every school delivers its legal obligation. Is it not the case, however, that every time this Government have introduced a law saying that something wonderful must be delivered, it is only because they have demonstrably failed to deliver that goal in the last 12 years? We have a new law saying that child poverty must be abolished by 2020, because the Government have failed to hit their target of halving child poverty by 2010. We also have a new law compelling public bodies to promote equality, because this Government have presided over a catastrophic drop in social mobility and a widening gap has opened up between the poorest and the rest.

Now we have new laws to guarantee to every child better discipline, even though school discipline is running out of control, with 425,000 pupils suspended last year, 200,000 of them for violence, and with 100,000 teachers having left the profession in disgust. We also have new laws to guarantee every child higher standards, even though we are falling down the PISA—programme for international student assessment— international league tables for achievement and the gap between independent and state schools is widening.

Is it not the case that we do not need new laws, new entitlements and new guarantees? We need a new Government. All the good ideas in this White Paper are Tory ideas. Let us take enforceable home-school contracts. When the idea was put forward, the Secretary of State said:

> "I do not think a commitment to helping children to read and behave well should be put in a contract".

His junior said:

> "The Home School Agreement should not be a contract forced on parents".

But today we have enforceable home-school contracts with penalties for recalcitrant parents—Tory ideas winning the argument.

I very much regret that we have not had more influence on the Secretary of State. We have been calling for less bureaucracy for teachers, for example, but in this document there are just four brief paragraphs on cutting red tape,

with just two suggestions—a new cross-disciplinary review and a new quango. I ask why, on parental choice, the Secretary of State has nothing worth while to say. When parents are denied a good choice of school, he proposes a survey, then an opinion poll, then a consultation, then a plan and then further consultation. By the time all that happens, the children denied a good choice of school will be drawing their pension. This Secretary of State has never seen a bureaucracy he did not want to protect and entrench in its complacency.

I hope that there is one other area on which the Government will U-turn—their proposals for school report cards. We have outlined plans for sharper accountability, with tests for which one cannot cram and proper robust and reliable league tables. Today, however, the Government propose abolishing league tables altogether and replacing them with fuzzy measurements of perception, well-being and partnership working. Parents will be left in the dark about which schools are failing.

Is it not the case that this Secretary of State has run out of ideas, run out of money and run out of time? Should he not make way for a party ready to reform, act on discipline, back parental choice and focus remorselessly, at last, on higher standards for all?

Ed Balls: I was waiting to hear the alternative policy programme from the shadow Education Secretary, but there was nothing on offer—just the normal well- rehearsed speech, well written in advance; I guess that if one is charging £1,250 an hour, the script has to be well written. The fact is that we have set out one-to-one commitments and we are now delivering 300,000 more places next year. It is this Government who are taking forward the commitment to one-to-one teaching.

As for discipline, we introduced parenting contracts and parenting orders; we have had more than 50,000 parenting contracts and more than 8,000 parenting orders to enforce discipline—and because it has worked, we are now going to extend it and make it more effective, so we can deliver what parents want. They want their children's lessons not to be disrupted by bad discipline so that children can get on and learn and teachers can get on and teach. That is exactly what we are going to do.

We are making it very clear that we are going to reduce bureaucracy where it gets in the way, while at the same time we are going to extend parental choice and allow a greater parental voice. As for the school report card and the idea that we are taking information away, the people who want to reduce accountability and the reliability of information, and who are proposing or pretending to abolish key stage 2 tests, are the Conservatives, not the Labour party.

I looked at other representations regarding the White Paper. I considered whether we should hold back for a further year in primary school children who failed to make the grade, but I decided that that would be a bad idea, and I therefore rejected it. I considered whether pupils who failed the year 7 test should be sent back to primary school, as proposed by the Conservative party, but I rejected that idea. I considered whether we should abolish key stage 2 tests, and decided that we should not, because it would be a bad idea.

Most of all, I considered the Swedish model and the idea that the way to deliver school improvement is to try, by diverting £4.5 billion from school building budgets, to open one new school a day for the next 10 years—the proposal from the Conservative party. I have to say that I looked at that with interest, but at the weekend, I read in *The Sunday Times* that according to "insiders" in the Conservative party, the policy was "in disarray", and that a senior Conservative had said:

"I have not met anyone who understands the policy and don't understand how we have a hope of explaining it on the doorstep".

The Conservative party is hoping that no one understands it, because if people did understand it they would understand the chaos and the cuts that would ensue.

The last time the hon. Gentleman and I faced each other across the Dispatch Box, it was my job that was supposedly in doubt. I have to say that I think it is his job that is in doubt now. His colleagues are whispering behind him, and his policy is in disarray. It is our party that will deliver for every child and every school in our country, and that is why ours is the party that is leading the charge for higher standards in the future.

Mr. David Laws (Yeovil) (LD): I welcome you to your new responsibilities, Mr. Speaker. I also thank the Secretary of State for allowing me advance sight of the statement and the White Paper.

We welcome the licence to teach and the principle of the school report card—provided that it is not diluted by a fuzzy focus on issues of partnership, which I think would detract from its ability to hold schools more effectively to account—but I want to ask the Secretary of State about the two issues that give us the greatest cause for concern. I refer to the issue of how all the proposals are to be funded, and the issue of what I thought was supposed to be the Prime Minister's big idea yesterday: the idea of moving from a system of targets to one of entitlements.

We saw this morning how the White Paper had been spun by the Government across the media. The BBC website, for instance, speaks of

"legally enforceable rights to schemes such as one-to-one tuition".

Yesterday we heard about the right of exit to the private health sector that would be given to people who were not seen rapidly as NHS patients. However, I am not sure what has happened to that idea of entitlements. The Secretary of State's statement made no mention of parental entitlements, and as for the paper that the Prime Minister issued yesterday, not only has it nothing to say about people's rights to leave the NHS and obtain private treatment if their entitlements are not being delivered, but on the issue of enforcement of entitlements to one-to-one tuition, it states that

"we will not legislate"

for

"redress... through the courts."

That appears directly to contradict the spin that we were given this morning.

Perhaps the Secretary of State can explain—in the context of education and, if he wishes, in wider contexts as well—whether the idea of entitlement is meaningful and will give extra power to consumers of public services, or whether it is a bit of spin. If it is not a bit of spin, how will parents denied access to one-to-one tuition for their children exercise their right to ensure that it is received?

[Mr. David Laws]

Our other major concern is, of course, the extent to which the Secretary of State's proposals can be funded. He has promised one-to-one tuition for what could turn out to be 20 per cent. of the seven to 11-year-old cohort—the youngsters who are falling below national standards. Is the money really there to deliver that? The Government promised a year ago that they would deliver one-to-one tuition, and they promised 30,000 places, but we now know that they delivered only 3,500.

The Secretary of State has been notably active—more active, perhaps, than the Chancellor of the Exchequer over the last couple of weeks—in talking about the Government's public expenditure plans. However, he has apparently been unwilling to accept that his own budget's real level of expenditure will decline between this year and next year, or that, despite his efforts generously to give away part of his capital budget for home building, the Building Schools for the Future programme will be entirely undeliverable in its existing form against a background of 50 per cent. cuts in capital expenditure across all areas of Government. If we are really expected to believe that some of the aspirations in the White Paper will be fulfilled, will the Secretary of State tell us how on earth they will be funded in the light of the cuts that would have to be made on the basis of existing public expenditure plans?

Ed Balls: I am grateful for the hon. Gentleman's interest in these matters and for the more serious way in which he has addressed the statement and the White Paper. I welcome his support for the idea of the report card, and I hope he agrees with me that it will strengthen accountability and provide more information that parents actually want in order for them to understand the progress of every child in the school.

On partnership, it is important that this issue does not make the report card fuzzy, but we also know that it is only by schools working together that we can deliver good behaviour and strong discipline. Also, as I have announced today, it is schools working together in federations that is driving up standards. I think that when the hon. Gentleman looks at the detail, he will be reassured on this matter.

On targets and entitlements, we have announced that on the basis of this White Paper in the next Session we will legislate to make the pupil and parent guarantee statutory. That means that it will be set out in law. The analogy is the admissions code. We will make sure that in the first instance the parental right to complain is to the school through the governing body. There will then be an independent appeals mechanism, in most cases to the local government ombudsman, but in some cases to the school adjudicator. If they find against a school, the Secretary of State has power to intervene. This is a legal entitlement, so judicial review is, of course, available as a backstop, but we are not seeking to make this legalistic. We want to make sure that the existing complaints procedures that we are putting in place will work effectively. I think we can make this work for both the pupil and the parent guarantee.

On funding, in the financial year 2010-11 we will spend more than £300 million on delivering one-to-one or small group tuition for 300,000 children, and we are currently training 100,000 teachers to teach that one-to-one tuition. The funding is there.

We have also set out a September guarantee. That will mean that this September every young person leaving school will be guaranteed a place in school or college, or an apprenticeship. I can now make that September guarantee only because I have made some difficult choices to shift £650 million from parts of my budgets and individual agencies to fund the 55,000 places that I need to meet it. I do not know whether the hon. Gentleman supports that guarantee, but I hope that he and his party can make it clear that they do. What I do know is that other parties in this House will not match that September guarantee. The reason why is that if they make efficiency savings, the first call on resources is not young people getting school, college and apprenticeship places; it is an inheritance tax cut that will go to the 3,000 richest estates and cost billions and billions of pounds.

That is the choice in politics; that is the funding issue. I hope the hon. Gentleman will support me. Tough choices are needed to invest in the future of our country, our children and our young people, not simply to give tax cuts to a small number of millionaires. That is the choice in values, that is the choice in policy, and that is the choice for the future of our country.

Several hon. Members *rose—*

Mr. Speaker: Order. Twenty-nine Members are seeking to catch my eye and I am keen to accommodate as many of them as possible, but I am looking to each hon. Member to ask one brief supplementary question and to the Secretary of State to offer the House a pithy reply.

Mr. David Blunkett (Sheffield, Brightside) (Lab): I welcome the Secretary of State's reaffirmation of the central role of the literacy and numeracy strategy. In reaffirming that, and in devolving the substantial funding for support and advice, will he agree to kite-mark or accredit those organisations or bodies that will be providing support, in order not to drift back into the complete mess that we had before 1997?

Ed Balls: The fact is that the reason why we have made such great progress in numeracy and literacy is the foundations that were laid by my right hon. Friend in the early years of this Government after 1997. He is right to say that the innovation of the literacy and numeracy hours were critical, and the role that the national strategies played was vital. I think we have won that argument. I think we can now make sure that schools themselves choose how to commission support, but we will still deliver that literacy and numeracy. We will deliver those hours, and I will make sure that schools are buying from quality providers that are accredited, in order that I can give my right hon. Friend the assurance he seeks.

Mr. Graham Brady (Altrincham and Sale, West) (Con): The Education Secretary says that he is going to step in to demand improvement where schools are failing or coasting. Is it not also time that he recognised that where schools are succeeding or improving he should get out and he should intervene less, and that such schools will thrive when they are left to their own devices?

Ed Balls: If the hon. Gentleman had listened to my statement, he would have heard me say that this White Paper devolves substantial power from the centre to individual head teachers so that they can make their own decisions on how to commission support. However, either we let the market work and children suffer when schools fail or we intervene, and I am determined to intervene because I do not agree with the philosophy that defines the Conservatives' approach.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Will my right hon. Friend agree to come before the Select Committee at an early date to talk about this statement and the White Paper? Perhaps he will also agree to a pre-legislative inquiry before we have legislation. Will he bear in mind the fact that it does nobody any good to believe that nothing has been proved in education in this country over the past 12 years? Will he be very careful about putting too much—

Mr. Speaker: Order. I apologise, but I did say very clearly that Members should ask one brief supplementary question.

Ed Balls: If you will allow me, Mr. Speaker, I should say that this statement builds upon the fundamental reform, which was the Education and Inspections Act 2006. It was substantially improved by my hon. Friend the Member for Huddersfield (Mr. Sheerman) and the work of his Committee, so I believe that my Ministers and I will benefit from the scrutiny and interrogation that we will receive when we appear before his Committee in the coming weeks.

Mr. Edward Timpson (Crewe and Nantwich) (Con): In his statement, the Secretary of State talked about gifted and talented pupils and the support that they will be given as a result of this White Paper. Can he tell us the current state of the gifted and talented programme that the Government brought in?

Ed Balls: The answer is that 11 years ago the programme did not exist and now it is flourishing. We will ensure that every parent of every child who is gifted and talented receives written confirmation of the support that they will receive, because we want to stretch every pupil, including those with talents and gifts.

Mr. Parmjit Dhanda (Gloucester) (Lab): I welcome my right hon. Friend's remarks about a review of secondary education in Gloucestershire, because some of us have been calling for such a review for years. Many schools, particularly those in the comprehensive sector, have been let down because of the local obsession in Gloucestershire with purely the grammar school sector. That obsession has led to the comprehensive schools being completely ignored, to there being no trusts and no academies and to the trebling of funding for primary schools in rural areas with sparse populations rather than for schools that face challenging circumstances in areas such as my own, which have proximity to those comprehensives. Will he ensure that that is considered as part of this review?

Ed Balls: I welcome my hon. Friend's support. The fact is that that local authority performs well in many ways, but we need to address some worrying issues to do with the national challenge and underperforming schools. I have asked Sir Graham Badman to produce a report and to report back to me in September. We will carefully consider all the points made, and I shall ensure that the points that my hon. Friend raises are included. If we need to act to ensure that not only some schools but all schools achieve, we will ensure that the action is taken.

Mr. Andrew Mackay (Bracknell) (Con): Mr. Speaker, do you think that the Secretary of State regrets addressing the nation this morning on the "Today" programme, because it has meant that very little was added in his statement and it went completely against your advice to Ministers?

Ed Balls: Anyone who heard the "Today" programme interview would have found that there was not a single question on education policy and therefore not a single answer on that matter either. The interview was almost entirely about the Conservative party's inheritance tax cuts and how it was going to pay for them. Today, I have announced proposals in respect of the expert group and the test in year 7 and on the licence to teach, and I have proposed the details of the pupil and parent guarantee, all of which are new to this House. There have been no leaks from my Department, and I have been conscious at every stage to ensure that I have conformed with Mr. Speaker's guidance.

Mr. David Chaytor (Bury, North) (Lab): On accountability and the school report card, the Secretary of State recognises that measures of progress are more effective than simple raw scores in assessing a school's achievement. Does he agree, however, that the current measure of progress—the value-added score—is still unintelligible to most parents, and could he simplify it in the new school report card?

Ed Balls: I look forward to the scrutiny that we will receive from the Select Committee. When my hon. Friend examines the detailed prospectus of the report card that we published today, he will see that how we measure progress and, in particular, how we contextualise to take advantage of deprivation is crucial. We must get it right in the report card, and I look forward to his expertise being shone upon this.

Bob Russell (Colchester) (LD): I am sure that the Secretary of State is sincere when he says that he will now act so that our best head teachers can run more than one school. Will he or the Schools Minister visit my constituency to see the work of the inspirational Mr. Jonathan Tippett, who has transformed three schools and who runs all three of them. Unfortunately, Tory-controlled Essex county council plans to shut two of them. Will the Secretary of State visit Colchester?

Ed Balls: The last time the hon. Gentleman raised that point was in Prime Minister's questions, when he managed to secure a meeting with me, through the Prime Minister. I think we should have the meeting first, and we will consider visits subsequently.

Kelvin Hopkins (Luton, North) (Lab): Over the past 12 years, I have repeatedly raised my concerns about teaching methods. The critical difference between success and failure in schools is to do with teaching methods and classroom cultures. How will my right hon. Friend address that and, once and for all, determine how we secure the best teaching methods in all our schools?

Ed Balls: I am going to build on the reforms that have meant that we have the best generation of teachers we have ever had. I will empower school leaders to ensure that they get the best teaching practice into their schools and I will introduce a new licence to teach, which will mean that over time every teacher will be reaccredited to ensure that they are keeping up to date with best practice. We will match that with personal development and training so that every teacher can be world-class.

Mr. John Gummer (Suffolk, Coastal) (Con): If parents in my constituency find that their children's statutory rights to one-to-one teaching are not fulfilled, can they sue and whom do they sue?

Ed Balls: I think I answered that question a moment ago. In the first instance, the parents will complain to the school. There is then an independent complaints procedure. If the independent complaints procedure shows that the children are entitled to one-to-one support and are not getting it, the school should address that immediately. If it does not, parents can appeal to me. In the final analysis, it can go to judicial review, but I am sure that we will get it sorted out before we get to that stage.

Ms Celia Barlow (Hove) (Lab): I welcome my right hon. Friend's suggestion that local authorities have a responsibility to act. How will he assist them and make them act in Hove where we have a shortfall of more than 100 places, which means that parents have to take three buses to a local school? How will he ensure that Brighton and Hove Tory council acts with the urgency that parents and children need?

Ed Balls: It is obviously vital that local authorities respond to those shortages of places and respond to the views of parents. It is their job to ensure that they have the right number of school places. I brought forward schools capital from 2010-11 to 2009-10 so that there was more money for local authorities to spend. It was a great disappointment to me that a large number of Conservative authorities refused to take up that offer of more spending now, and that included Brighton.

Anne Main (St. Albans) (Con): All these announcements come with a huge price tag. The last time encouraging more 16 to 18-year-olds to stay on in sixth form came with a price tag, it was not budgeted for, as I was told by the Secretary of State. Are all these innovations fully budgeted for?

Ed Balls: The point is that the hon. Lady is right. When it became clear in March that we had a shortfall in our budget for places for 16 to 18-year-olds, I found £650 million of efficiency savings so that I could pay for 55,000 more places. Despite my seven letters to her Front Benchers, she cannot get that commitment matched by them. I am spending the money on apprenticeship places; the Opposition would spend it on inheritance tax cuts. That is the difference, and that is why she should be so concerned.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): The Building Schools for the Future programme is one of the best routes to school improvement, but it relies on local authorities delivering it. My local education authority, Hammersmith and Fulham, is in chaos. I am a governor of an outstanding sixth-form college, William Morris, which has been refused permission to move to a new site, which it says has cost £70 million. Will he ask Partnerships for Schools to look at the debacle in Hammersmith and Fulham and make it improve most of its plans?

Ed Balls: I was in my hon. Friend's borough this morning and I saw a school that was making real progress and working with another school. I understand his concerns. Local leadership should ensure that the BSF commitments are delivered, although some authorities in this country are anticipating the £4.5 billion cut promised by the Opposition and are therefore not making plans. I will ensure that the Schools Minister meets my hon. Friend to ensure that we can move this forward as soon as possible.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am concerned that the Secretary of State's remarks this afternoon about Gloucestershire will have a demotivating effect on hard-working teachers up and down Gloucestershire. Will he confirm that the national challenge schools that he has mentioned this afternoon are less than a handful out of 42 schools, that Gloucestershire is the 15th lowest spending authority for education and that, in his own words this afternoon, it produces some very good results?

Ed Balls: The difference between us is that the hon. Gentleman is willing to dismiss the handful of schools that are not succeeding, and I am not. I want every school to succeed and I will require local authorities to take the actions and use the investment to ensure that that happens. If local authorities are not making sufficient progress one can either say, "Well, the rest are doing fine," or one can step in and intervene. I am willing to intervene, but the Opposition are not, and that is what would let children and parents down.

Mr. David Drew (Stroud) (Lab/Co-op): I welcome the Badman review of education in Gloucestershire, which is long overdue, but will my right hon. Friend ensure that Mr. Badman takes evidence from local representatives and from head teachers and chairs of governors? In that way, he will get to the bottom of what is happening in Gloucestershire, and beyond the superficiality too often found in the news that we hear.

Ed Balls: I will make sure that Mr. Graham Badman does that. I think that I inadvertently knighted him a moment ago, but we will make sure that he talks to all the national challenge schools in the area. Of course it is true that many schools with great leadership are making real progress in the national challenge and will get through the 30 per cent. threshold, but I want to make sure that that happens for every school and every child in every area. When we have concerns, it is right that we bring them to the House and act to make sure that all local authorities take their responsibilities seriously. That is our approach to school improvement.

Nadine Dorries (Mid-Bedfordshire) (Con): Not all areas of the country have two-tier education systems. Some, such as Bedfordshire, have a three-tier system. Has the Secretary of State taken full account of that, especially with regard to testing at year 7?

Ed Balls: In the small number of areas that have three tiers of education, we will make sure that the accountability system is tailored to meet their needs and that catch-up tuition is introduced in a sensible way. I know that there

is a debate in Bedfordshire about whether it is sensible to move to a two-tier system. That decision should be made locally, and it is not for me to impose it or dictate it from the centre. We will make sure that our support for parents and pupils meets the needs of all, regardless of whether they are in a two-tier or a three-tier system.

David Taylor (North-West Leicestershire) (Lab/Co-op): Even the strongest supporter of the comprehensive education system, which is what I am, cannot deny that over the decades it has not served the gifted and talented pupils in state schools well. Further to the question from the hon. Member for Crewe and Nantwich (Mr. Timpson), will the Secretary of State confirm that there will be adequate resourcing for the confirmatory statement on the challenge and support that gifted and talented students will receive? There is a good deal of evidence that we still lack a common definition of who those students are, or even common information about them.

Ed Balls: I have said in the guarantee that all gifted and talented students will get written confirmation of the support that they need and deserve. We have the funding to ensure that children will get that support if they are gifted and talented. I can make that commitment for this side of the House, but I do not think that the Opposition can match it. They know that, were there to be a Conservative Government, the cuts would start to fall on the this Department on day two.

Mr. Mark Harper (Forest of Dean) (Con): How does the Secretary of State reconcile what he has said about Gloucestershire in his statement and in some of his answers to questions with the fact that a few weeks ago his own Department described the local education authority's management of the national challenge as exemplary? Indeed, in a letter today that he sent personally, the right hon. Gentleman said that the officers on the council had provided "excellent" support and development opportunities for national challenge schools.

Ed Balls: I know the director of children's services, Ms Jo Davidson, very well. She has done a lot of work with us on the child and adolescent mental health agencies review. The council's officers have engaged with the national challenge very well, but that does not mean that we are not concerned about the lack of sufficient progress in schools below the threshold, or about the lack of leadership, or about the structural change that we think may be necessary. The right thing for me to do is to send in Mr. Graham Badman to give us a report. We should not be complacent: we should get the report done and then see whether we need to do more.

Sir Peter Soulsby (Leicester, South) (Lab): I warmly welcome the Secretary of State's announcement that he has appointed Sir Mike Tomlinson to undertake a progress report on Leicester. Although considerable progress has been made there, a number of secondary schools still fall below an acceptable standard. Will my right hon. Friend encourage Sir Mike to talk not just to the local authority but to the other education professionals locally who have considerable expertise and a real commitment to a collaborative approach to raising standards in the city?

Ed Balls: The local authority has a range of choices: it can consider academies or national challenge trusts. We will make it easier to use one of the accredited schools groups, which we are now going to support. There is a range of choices for Leicester, but one choice that is not available is not to act when it is clear that a school is not making progress and is stuck below the 30 per cent. threshold. I will make sure that my hon. Friend speaks to the school improvement experts, the head teachers and parents. What we cannot have are excuses. We want to know what the plan is to ensure that we deliver for every child in Leicester.

Miss Julie Kirkbride (Bromsgrove) (Con): The Secretary of State knows a lot about private schools because he went to one, although he does not always put it on his CV. I was wondering whether he could tell us about the notable omission from his statement, which was his Prime Minister's promise some time ago that his Government would match state school spending to the average of private school spending. Is that just another Labour failure to match their promises?

Ed Balls: I was proud to speak at the speech day of my old school, Nottingham high school, which is an excellent school doing good things in Nottingham working with other schools in the city. It is right that we do our best to meet that pledge to see year by year the amount that we spend in state schools moving towards the private school benchmark. What we are doing with one-to-one support is all about that, but I tell the House that it will not happen if the education Department is No.1 in line for the cuts to pay for the reversal of the national insurance rise, the reversal of the top rate of tax and an inheritance tax cut that is uncosted and unpaid for and will cost billions of pounds. The idea that—

Mr. Speaker: Order. I think that the Secretary of State's message on inheritance tax has been heard loudly and clearly, and it does not benefit from repetition.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I welcome the Secretary of State's intervention in Milton Keynes because, although educational performance has improved, it has not improved fast enough. Can he assure me that the improvement board will look particularly at the underperformance of children from minority ethnic families and working-class families and of looked-after children, who have fallen far too far behind the average in Milton Keynes?

Ed Balls: I will do so, and I will make sure that my right hon. Friend the Minister for Children and my hon. Friend the Schools Minister speak to my hon. Friend. We do not take decisions to move to formal intervention lightly. We had an independent report prepared first. There was progress, but I am afraid that it was not sufficient and we decided that intervention was needed, with the board reporting directly to Ministers. The issues that my hon. Friend raises are at the centre of our concerns. Many children are not making progress, and we want to address that. That is what the improvement board will do, and we will make sure that my hon. Friend is fully consulted.

Bob Spink (Castle Point) (Ind): I welcome the Secretary of State's statement, his September guarantee and his commitment to education, which is clear to everyone. Will he step in to stop Essex county council closing one of Castle Point's six secondary schools, given that we

[Bob Spink]

have waiting lists for our secondary schools, thousands more houses promised to be built—against the borough's wishes—and the leaving age for compulsory education increased from 16 to 18?

Ed Balls: As the hon. Gentleman—or am I allowed to call him my hon. Friend? *[Interruption.]* Well, he is certainly not the Opposition's hon. Friend. As the hon. Gentleman declares, there are some causes for concern in Essex. My hon. Friend the Schools Minister has rashly decided to offer a meeting to Essex Members of Parliament to discuss these matters. Perhaps they should have the meeting first, and then we can follow up afterwards.

Mr. Speaker: Ann Cryer.

Mrs. Ann Cryer (Keighley) (Lab): Thank you, Mr. Speaker, and congratulations.

Will my right hon. Friend comment on what impact the White Paper will have on the children in my constituency? As he knows, I have three primary schools where 95 per cent. of the children entering at four have no English whatever. There are arguments to be had about why they are in that situation, but that is how it is. What will help those children? These are not failing schools; they have buckets of value added, but we still have the problem of children really struggling because they enter school at four with no English. What will help them?

Ed Balls: At the centre of the White Paper is the idea of schools working with schools, parents and other children's services to break down all barriers to progress, whether those barriers are in the classroom or outside it. Our vision of schools working with children's services, and taking an interest in the progress of pupils before they get to school by working with Sure Start and children's centres, is vital, particularly in areas such as the one that my hon. Friend represents. Programmes such as Every Child a Talker, which are about getting children to start communicating and speaking English at the ages of two and three, are particularly important for her constituency, and I am happy to meet her to discuss that further.

Mr. Ben Wallace (Lancaster and Wyre) (Con): Both in this Chamber and on the wireless this morning, the Secretary of State studiously avoided detailing the hard, tough choices that he has made to raise £600 million from within his Department. Will he undertake to place in the House of Commons Library as soon as possible a detailed breakdown of the internal budgets or initiatives that were cut to fund that £600 million?

Ed Balls: I am very happy to have that debate. We announced on Budget day that we would require a 1 per cent. efficiency saving from all schools and colleges offering 16-to-18 provision in order to provide extra places. We are putting £650 million more into 16-to-18 funding, so that we can deliver that guarantee. That is matching efficiency with more resources to get more outcomes. One can do that only if one is willing to put in the resources. If parties cannot match the guarantee, they cannot deliver the places. That is the difference between the parties.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): I welcome the idea of continuous improvement for teachers through the Government's masters-level programme, and the idea of teachers keeping their practice up to date. Does my right hon. Friend recognise that the operators of Ofsted, who frequently lack insight and experience, and many of whom have not been in a classroom for 20 years or more, need a rigorous—very rigorous—period of training, so that they can understand what is happening in the classroom, in order to give a proper report to us about the classroom practices that they see?

Ed Balls: Of course Ofsted is independent of my Department and reports directly to Parliament, so it is not really for me to provide that scrutiny; it is for Parliament to do so. However, I agree with my hon. Friend: of course inspectors must have the highest standards of integrity and training. That is a matter for the director general of Ofsted, and I am sure that she is absolutely committed to ensuring that, because it is vital to our school accountability.

Greg Clark (Tunbridge Wells) (Con): The Secretary of State spoke in his statement about the moral imperative for every child to get the best possible education. How can he square that with the fact that, notwithstanding his April announcement, one of the best-performing schools in my constituency, Mascalls school, has had its sixth form frozen, despite the fact that 50 more pupils want to go there? Will he agree to meet me and the head teacher of that school to see whether the issue can be resolved before the end of term?

Ed Balls: To be honest, I am happy to meet any hon. Member who would like to discuss their September guarantee funding. I would quite like to discuss it with the hon. Member for Surrey Heath (Michael Gove), who refuses to make a commitment on the subject. I have written to him seven times; perhaps face-to-face meetings would be more effective, although I rather doubt it. I am happy to look at the details of the case raised by the hon. Member for Tunbridge Wells (Greg Clark). There is £650 million more, and it would surprise me if not a penny was going to his local school or sixth-form college, but if that is the case, we will look into the matter and see why that is so. I have the means to deliver more funding for more places this September, unlike the hon. Member for Surrey Heath.

Mr. Philip Hollobone (Kettering) (Con): How much autonomy will head teachers have to enforce parental obligations under the home-school contracts, or will they be second-guessed by local education authorities?

Ed Balls: The responsibility rests with head teachers to deliver discipline in schools. The home-school agreement is all about clear responsibilities for the pupil, the parent and the head teacher. In the past, head teachers have often felt that parents were not properly committed to the home-school agreement, and head teachers did not have powers to enforce that agreement. In the White Paper, I am setting out how we will strengthen the powers that enable head teachers to act. They have the powers to act, but we will strengthen them further. I think that parents will expect head teachers in schools to act, so that we can tackle the issue of discipline.

Points of Order

4.24 pm

Michael Gove (Surrey Heath) (Con): On a point of order, Mr. Speaker. One of the very welcome announcements that you made when you first took the Chair was that Ministers had to make important announcements to this House first. The Secretary of State announced his change on home-school contracts and parenting orders in the pages of the *Sunday Mirror*. He made announcements about chains and federations in briefings to newspapers yesterday, and announcements on the legal guarantee for parents and pupils were briefed to broadcasters this morning. What action will you take to ensure that the rights of this House are protected, and that the Secretary of State does not continue to flout your rulings and the rules of this House?

Mr. Speaker: I am grateful to the hon. Gentleman for his point of order. A number of the matters that have featured in the exchanges today have been the subject of political debate over a considerable period. I attended closely to what the Secretary of State said today, and also to earlier media coverage of the gamut of issues that have been addressed today. I have not found evidence that there has been prior briefing, which I think is the term that the hon. Gentleman used. It is very important that Ministers who come to make statements to the House give the statement first to the House and do not divulge things in advance to the media. I shall be watching closely to ensure compliance with the ruling that I gave last week, but I have not yet identified a breach.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): On a point of order, Mr. Speaker. You will recall that yesterday the hon. Member for Hammersmith and Fulham (Mr. Hands) raised a point of order relating to my conduct. I do not believe that was a matter for the House, as it concerned my role as a prospective parliamentary candidate. However, I did not have the opportunity at that time, not having noticed the subject, to correct what I believe was an entirely inaccurate statement, and I would like to do that for the record.

Mr. Speaker: Order. No, I do not think I can allow the hon. Gentleman to do that.

Mr. Slaughter *rose—*

Mr. Speaker: Order. I ask the hon. Gentleman to resume his seat. I am grateful to him for doing so. I heard the point of order from the hon. Member for Hammersmith and Fulham (Mr. Hands) yesterday, and I heard the response of the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter). I hope he will understand when I say that I do not want a continuing and essentially political debate to take place through the device or contrivance of a point of order. I feel that I have heard quite enough on the matter from both hon. Gentlemen who are parties to the dispute, and I do not think the House will benefit from any further utterances on the matter today or, probably, for some time.

Damian Green (Ashford) (Con): Further to the earlier point of order, Mr. Speaker. The House will have welcomed your remarks to my hon. Friend the Member for Surrey Heath (Michael Gove), following your welcome ruling that announcements should be made first to the House. The Home Secretary released a written statement on ID cards at 3.45 this afternoon. At 1.45 pm journalists were briefed at the Home Office about the contents. Indeed, I was informed about the contents by some of those journalists before any of us in the House had seen the statement. Quite apart from the fact that that should have been an oral statement, it is a flagrant breach of your ruling. I am sure I can offer you the support of many in the House in your efforts to stop Ministers behaving badly towards you and towards the House.

Mr. Speaker: I am grateful to the hon. Gentleman for his point of order and for his courtesy in providing me with advance notice of it. The Table Office has found no evidence that a written ministerial statement that was laid in the Library at 3.45 pm, as the hon. Gentleman says, was made available to the media any earlier than that. However, if it were to be established that that is in fact what happened, I would certainly expect the Minister responsible to report to me and to the House.

Mr. Slaughter *rose—*

Mr. Speaker: Order. I hope the hon. Gentleman is not trying by another door to reheat an old product.

Mr. Slaughter: Perish the thought, Mr. Speaker. I am not trying to pursue that matter. I understand your ruling, but can you tell me how I can get a correction to an accusation of dishonesty by me on to the record?

Mr. Speaker: The hon. Gentleman is an extremely experienced political campaigner. He will be familiar with the opportunities that exist for him in the media, including his local media, to put robustly on the record his version of events. I have a hunch that he will not long delay doing just that.

Mr. Oliver Heald (North-East Hertfordshire) (Con): On a point of order, Mr. Speaker. We have been lucky today to be able to welcome to the House of Commons some of our armed forces. Many of us think that is important in showing support to them. Is it possible that that can be recorded in the *Official Report*?

Mr. Speaker: The hon. Gentleman's legendary parliamentary dexterity has enabled him to do just that.

Hydrofluorocarbons Limitation

Motion for leave to introduce a Bill (Standing Order No. 23)

4.29 pm

Clive Efford (Eltham) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision for limiting the use of hydrofluorocarbons in certain premises; and for connected purposes.

This Bill will end the use of hydrofluorocarbons—HFCs—in the refrigeration units of large supermarkets. I seek to introduce it because urgent action is needed to end the devastating impact of HFCs on global warming, and because supermarkets are responsible for more than half of all HFC emissions.

Before I set out my case, I must stress that I do not seek to impose additional financial burdens on small retailers, which we all recognise as small, corner convenience stores. I should expect smaller retailers to be required to introduce equipment that does not add to global warming when their old units need to be replaced. There are already many environmentally friendly alternatives for smaller supermarkets, and they generally use different refrigeration technology from the larger stores. Small stores tend to use what is called "plug and play equipment", which does not involve large centralised systems, is often much less likely to leak and increasingly uses low-global-warming alternatives, such as hydrocarbons, which also offer improved energy efficiency. Those alternative carbon-based systems are neither more expensive to purchase nor more expensive to run.

The Bill seeks to deal with emissions from larger stores. Hydrofluorocarbons, are part of a group of gases known as F gases. F gases, according to Greenpeace, can be up to 20,000 times more harmful in terms of global warming than carbon dioxide. HFCs were introduced into widespread use under the Montreal protocol in the 1990s to replace chlorofluorocarbons—CFCs—and end the depletion of the ozone layer that their widespread use caused. HFCs do not harm the ozone layer, but they are powerful global warming gases.

In 2005, stationary refrigeration was the biggest source of F gas emissions in the UK, accounting for almost 27 per cent. within the sector. HFC emissions from supermarkets account for more than half the total emissions, and direct emissions from leaking refrigerant gases can account for up to one third of a supermarket chain's carbon footprint. The phasing out of HFC use in the supermarket sector by 2015 has the potential to save 175 million tonnes of carbon dioxide equivalent between now and 2050, which is more than one quarter of the UK's current annual greenhouse gas emissions.

In 2005, the amount of HFC emissions leaking from supermarket refrigeration was estimated to be equivalent to 2 million tonnes of carbon dioxide. To put that into perspective, I should say that that equates to one person flying in a plane from London to New York more than 2.5 million times; to the production of 10 billion plastic bags; to one billion car trips to the supermarket over an average distance of 7.5 miles; to the annual carbon foot print of 200,000 people; or, to driving round the circumference of the earth 300,000 times—if that were possible.

The issue of HFC emissions by supermarkets was highlighted in a report called "Chilling Facts" from the Environmental Investigation Agency earlier this year, and I commend the agency for its work to highlight this important issue. The report confirmed that supermarkets are the biggest source of HFCs in the UK. It investigated the progress that had been made by supermarkets that signed up in 2007 to reducing emissions of HFCs, and the agency asked 11 of the large high street supermarkets what they were doing to reduce the climate change impacts of their refrigeration. The results did not make for encouraging reading. The best-performing supermarket had succeeded in introducing climate-friendly refrigerants in only three out of 620 stores. For others, the figure was four out of 1,700 stores, and for one supermarket, it was one out of 2,250 stores.

My intention today, however, is not to name and shame any single supermarket. There is widespread agreement, from the campaigners and the supermarkets themselves, that action is necessary, and my Bill aims to bring everyone together to secure an agreement to end the use of HFCs in refrigeration units. In response to the publication of the EIA report, supermarket representatives indicated a willingness to make more progress in this area. They said that they wanted the Government to regulate to create a level playing field for their industry, suggesting that that would allow the large supermarkets to plan in the knowledge that their competitors would be required to do the same. This is a highly competitive market in which supermarket giants are constantly seeking to exploit any advantages over one another. The Government should take the industry at its word and legislate for a level playing field in relation to emissions of HFCs.

The UK Government are committed to an 80 per cent. reduction in greenhouse gases by 2050. Today, HFCs equal 1.5 per cent. of total greenhouse gas emissions in the UK. However, if emissions continue to grow at about 3 per cent. per year, then while we make efforts to reduce greenhouse gas emissions, by 2050 HFCs will constitute 12 per cent. of the UK's total greenhouse gas emissions.

The Bill does not seek to introduce a complete phase-out of HFCs, but that is an attractive option for climate protection. A phase-out would be based on production and consumption of HFCs. A total HFC phase-out would cover all types of HFCs. Based on 3 per cent. annual growth from 2006, a phase-out schedule would save almost 500 million tonnes of carbon dioxide equivalent between now and 2050—more than three quarters of the UK's current total annual greenhouse gas emissions. The fast phasing out of HFCs in supermarkets would save about one quarter of the UK's current annual greenhouse gas emissions in that period.

In 2007, the value of the food market as a whole was estimated at £72.8 billion, with supermarkets accounting for more than half of these grocery sales. In April, Tesco said it had rung up sales of £1 billion a week, with annual pre-tax profits of more than £3 billion for the first time in its history—up 8.8 per cent. In May, *The Guardian* reported that Asda had unveiled a market-leading 8.4 per cent. increase in first quarter sales, and that Sainsbury's had delivered profits of £543 million on sales of £20.4 billion. This sector, even in these difficult economic times, could sustain the costs of changing from HFCs to climate-friendly carbon alternatives.

The time to act is now. We are going to experience the most harmful impact on HFCs in the next 20 years, and the earlier we act to reduce their use, the greater the

impact of our actions. Urgency is not just about the end users. Action now would send a message to manufacturers that it is time to start investing in new forms of coolants for refrigeration that do not accelerate global warming. That would prevent the production of more of these harmful gases and avoid their having to be stored and eventually disposed of in safety.

I know that my Bill is unlikely to progress in the time remaining in this parliamentary Session. However, let me stress to the Minister that the supermarkets themselves are seeking regulation for a level playing field, and supporting this Bill could offer the opportunity to get an agreement on the way forward: something that is urgently needed. If the Government do not act by supporting this Bill, the responsibility will remain for them to act, and they must do so quickly.

Question put and agreed to.

Ordered,

That Clive Efford, John Austin, Ms Karen Buck, Mr. Andrew Dismore, Mr. Peter Ainsworth, Steve Webb, Norman Baker, Peter Bottomley, Mr. Michael Meacher, Mr. David Drew, Jim Dowd and Andrew George present the Bill.

Clive Efford accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 3 July and to be printed (Bill 127).

Parliamentary Standards Bill

[Relevant Documents: Memorandum from the Audit Committees on the Parliamentary Standards Bill, and written evidence received by the Justice Committee on Constitutional Reform and Renewal, HC 791-i.]

[1st Allocated Day]

Considered in Committee

[Sylvia Heal *in the Chair*]

The First Deputy Chairman of Ways and Means (Sylvia Heal): The Committee will be aware of the considerable pressures of time today and tomorrow. Yesterday, some 40 additional amendments and new clauses were tabled. In view of the speed with which the House is being asked to proceed with this Bill, the Chairman of Ways and Means was prepared to select the majority of them, even though they are starred on today's amendment paper. One result is that there are four additional groups, raising significant and distinct points, to be dealt with today.

Hon. Members will see that a measure of restraint will be very much in their interests and will allow us to deal with as many issues as possible. For example, I would hope that there might be little or even no debate on clause 1 stand part, as all its provisions arise in subsequent groups of amendments. I hope, too, that the Committee will resist the temptation to rerun the Second Reading debate that we had yesterday, and instead will focus closely on the substance of each group of amendments.

Finally, might I point out two printing errors on the first page of the amendment paper? In amendment 50, the word "third" should be omitted, and amendment 52 should refer to line 23 on page 11, not line 3.

Clause 1

Independent Parliamentary Standards Authority etc

Question proposed, That the clause stand part of the Bill.

4.41 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): Clause 1 sets out the basic structure and architecture of the new regime: the new bodies—the Independent Parliamentary Standards Authority and the Commissioner for Parliamentary Investigations, which are detailed in schedules 1 and 2—and a special Committee of this House to oversee the work of IPSA. I went into further detail yesterday in my Second Reading speech, as did others. Of course, I stand ready to respond to any questions that are raised about the clause.

Alan Duncan (Rutland and Melton) (Con): In the interest of the brevity that you have called for, Mrs. Heal, the need for which we quite appreciate, I merely point out that the very name of the Bill and the new authority are not a perfect description of what they will do. It would have been much better if they had been called something like the parliamentary payments authority and the parliamentary payments Bill. We have a proliferation of the use of the words "standard" and "standards", but this is really about money—money

[Alan Duncan]

paid to a Member of Parliament by an allowances system and by any outside interests. The name is not perfect, and I hope that it will not be misused in our public prints in future.

Sir Patrick Cormack (South Staffordshire) (Con): I shall obey your injunctions, Mrs. Heal, and not make a long speech, or even a proper speech at all. What you said to the Committee a few minutes ago underlined the serious nature of the Government taking a Bill of constitutional significance through the House at the gallop and without time properly to consider and reflect.

The point that my hon. Friend the Member for Rutland and Melton (Alan Duncan) made was extremely good, and it is a pity that we do not have the opportunity to discuss a different name. I very much hope that the Government will reflect on what was said yesterday during a debate that pointed out the widespread concerns in all parts of the House about what they are doing and the speed with which they are doing it. I hope that this afternoon and tomorrow, in this indecent haste, the Government will respond with a degree of sensitivity to the points that colleagues and I will make to try to make a very, very bad Bill just a little bit better.

Mr. John Redwood (Wokingham) (Con): I strongly object to the time limit on the Bill. Some of us withdrew from the debate yesterday, conscious that many hon. Members were trying to catch the Chair's attention in a very full day's debate. We would have liked more opportunity so that we, too, could have spoken about the big underlying principles. Of course, I accept your injunction, Mrs. Heal, because I want as much of the detail as possible to be examined in the Committee stage, which is too short.

However, I cannot let clause 1 go without asking the Minister on duty why the complex and expensive bureaucracy will be better than the current bureaucracy. Why is it thought superior to beefing up, amending or improving the current system? We should have some idea of what salaries will be paid, and some budgets for the complicated authority. We should know how it will be superior to the system of recent years in carrying out payment and audit functions.

The Government have not made the case for the new authority. There was little detail in the remarks yesterday about the sort of people it would comprise, the cost, and how the job would be done differently from the way in which our staff currently undertake it. More reassurance is needed for current staff so that they know what the terms and conditions of transfer are likely to be, who will be transferred and so on. As an employer, we owe some sort of duty to our staff, who must feel rather concerned about the peremptory discussions. Has the Secretary of State properly consulted the staff concerned? What has he told them about what their future holds? Is there any sort of guarantee that they will be transferred and get jobs, or is the idea to put all the jobs out to tender and have new people? Are different sorts of people from the current staff being sought, or is it intended to transfer as many as possible, but make them go through some kind of competitive process? We have a right to know those things. I accept your instruction, Mrs. Heal, but we really need two or three hours to debate those issues.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I, too, would like to place on record my concerns about the management of the Bill. It is proper to reflect on the fact that many hon. Members would be present for today's debate but for being members of the Select Committee on Justice, which will meet in 13 minutes to take evidence from the Clerk of the House on the aspects of the Bill that cover privilege. That highlights the inadequate way in which the measure is being tackled.

The Liberal Democrats do not take issue with the principle of contracting out the functions of the Fees Office. It is a necessary part of restoring public confidence in the House and its operation. However, as the right hon. Member for Wokingham (Mr. Redwood) said, several issues of substantial and practical concern arise from that. There is little about it on the face of the Bill and, if the debate is truncated, it would appear that we are simply to take matters on trust. I am disinclined to take a great deal from the Government on trust, in view of my experience as a Member since 2001.

As I said yesterday, we have yet another fisher in a fairly small pond, and what we do is all without prejudice to the possible conclusions of the Kelly commission, which we will doubtless learn this autumn. I hope that, once we know those conclusions, it will be possible to review the number of actors because piecemeal development, which responds to each individual crisis as it arises, leaves us with a far from satisfactory landscape.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I support the points that my hon. Friend the Member for Rutland and Melton (Alan Duncan) made. As a member of the Committee on Standards on Public Life, I get correspondence about matters with which the Committee on Standards and Privileges is dealing because of the public's confusion about those two bodies. To add another body with the word "standards" in the title is just asking for trouble. I just suggest that the Secretary of State think that over and perhaps come up with a name that refers to payments or something different. The whole purpose of the exercise is supposed to be to try to make the thing more transparent and understandable, but it is actually making it more confusing.

Mr. William Cash (Stone) (Con): I would like to draw the House's attention to clause 1(2), which states that schedule 1 provides for the new body's

"administration functions to be carried out by its chief executive in accordance with paragraph 17 of that Schedule".

The Secretary of State will know where I am going with this—at least I think he will—because paragraph 17 of schedule 1 refers not just to administrative functions, but to regulation functions. I invite hon. Members to glance at page 13 of the Bill in order to follow what I am about to say.

Paragraph 17 distinguishes those two functions from one another, so that, "So far as possible"—whatever that means—

"the...administration functions and...regulation functions must be carried out separately".

That must happen

"so that one set of functions"—

by the way, the word "functions" means powers and duties—

"does not adversely affect the carrying out of the other."

Paragraph 18 of schedule 2 gives the meanings of "administration functions" and "regulation functions", but I have to say—I say this as gently as possible—that it is utterly disingenuous. I know the Justice Secretary well enough to be surprised that he has allowed the drafting of the Bill not to refer to the regulatory functions in clause 1(2), but they are hugely important, for the reasons that I am about to give.

Paragraph 18 of schedule 1 says that the new body's administration functions are

"its functions under...section 2 (payment of MPs' salaries)...section 3(1) (payment of MPs' allowances)"

and

"section 4 (dealing with allowances claims)".

That raises a raft of issues, which I do not need to go into now. The paragraph continues:

"and the function of maintaining and publishing the register under section 5."

Paragraph 18(2) says that the regulation functions of the body are

"its functions under...section 3(3)...(preparing and revising MPs' allowances scheme)...section 5 (preparing and revising MPs' financial interests rules),"

and, in paragraph 18(2)(c), "determining procedures for investigations".

I suspect that my hon. Friend the Member for Ashford (Damian Green)—or, indeed, any other hon. Member—might be interested in that provision, in relation to the question of the entry by the police into this House, on which I have spoken on many occasions. I have also got into some severe altercations about that with the Attorney-General, who alleges that it is for the courts to decide such matters, not the House of Commons. You will forgive me, Mrs. Heal, if I make it abundantly clear that I still totally and utterly repudiate the reasoning in her memorandum. I believe that that was the first occasion on which a memorandum from the Attorney-General was placed in the Library, at my insistence—and, to give her credit, the Leader of the House agreed to ensure that it was put there.

The issues are profound, because they relate to article IX of the Bill of Rights, in respect of which I have tabled a new clause, which I am glad to see that you have selected for debate tomorrow, Mrs. Heal. I therefore do not need to go into that in detail now, but I do need to go into the supremacy of Parliament, which relates to new clause 7. New clauses 7 and 8 deal with the supremacy of Parliament and article IX of the Bill of Rights, which relates to the internal regulation of the proceedings of this House by this House. That is where the Bill gets into deep trouble. I shall not go into that now, although not because it is out of order—it is not—but because I prefer to reserve my arguments for the new clauses tomorrow, on which I shall have a certain amount to say.

Sir Patrick Cormack: Be warned!

Mr. Cash: Indeed, although my hon. Friend might well be warned as well, because whereas those matters can be taken with jocularity in certain circumstances, they can lead to arrest of the kind that my hon. Friend the Member for Ashford was under, and many other matters, which I will deal with when we come to those new clauses tomorrow.

Sir Patrick Cormack: It was not the seriousness of the issue that I was reflecting on, but rather the anticipated length of my hon. Friend's speech.

Mr. Cash: Indeed. I am glad to be able to say that, in Committee, it is appropriate for us to go into these matters. If my hon. Friend believes that we can deal with the whole history of the House and its power to determine its own internal proceedings simply by referring to a few jottings on the back of an envelope, I am afraid that he has a lesson or two to learn.

Mr. Redwood: To return to my hon. Friend's point about clause 1, he drew our attention to the fact that IPSA will be both a regulatory body and an administrative body. Does he foresee any difficulty with that, given that its regulatory functions will primarily involve its regulating its own administrative functions? Is not that a rather unusual arrangement?

Mr. Cash: Perhaps the provision is set out in this way so that, as far as possible, the functions can be treated separately. This is typical of any hybrid arrangement, however; one is never quite sure which is the tail and which is the head. I am afraid that that is exactly where we are on this matter.

Clause 8 contains a whole stack of provisions relating to directions and recommendations. One of the most unsatisfactory aspects of the Bill—in addition to the length of time that we have in which to discuss it—is the impact that it will have on our ability to run our own affairs and the extent to which that will be taken away from us. I said this to the Prime Minister when he came to talk about so-called constitutional renewal and reform. He raised the manner in which we were going to deal with matters of this kind. I pointed out to him that he had just returned from the beaches in Normandy, where people had fought and died—as my own father did—so that we could maintain our democracy in this House. I said that they had not fought and died in Normandy to achieve what the Government now seem to want and what the Attorney-General stated in her memorandum that she wanted—namely, that the proceedings and privileges of this House, which are derived from the people exercising their freedom of choice and voting for us by putting a simple cross on a ballot, should be taken away and given to the judicial supremacy of the courts either in this country or in Strasbourg or Luxembourg. That matter remains on the agenda, and I shall return to it tomorrow when we discuss the new clauses.

We need an overarching way of saving the rights of this House, on behalf of the electorate who vote for us. It is their Parliament, not ours. I do not believe that it is the Government's Parliament either, and they have not the slightest right to take away from the people of this country the right to govern themselves.

Mr. Straw: The hon. Member for Rutland and Melton (Alan Duncan) and a number of other right hon. and hon. Members asked about the name of the new authority. It will be called the Independent Parliamentary Standards Authority, but it is a rose by any other name, and it is certainly a very fine rose. As I said yesterday, the other place might well wish to later on to these arrangements, and it seemed to us that the body ought to have a fairly generic title.

[Mr. Straw]

I pointed out yesterday that most of the contents of the code of conduct and guidance are concerned with financial interests, as are the central parts of the Bill. We spent a lot of time arguing about the name for the new body, but the proposed title certainly seemed to be acceptable to our party leaders. The word "independent" was added as a result of our cross-party talks, to emphasise that it will be independent of Parliament. We all know why we are here, and why we are having to go through this process. It is rather less a result of some serious abuses of the allowance system by one or two individuals, and more to do with a failure of the system, which we allowed to develop and for which we are all responsible.

I will, of course, reflect on what the hon. Member for South Staffordshire (Sir Patrick Cormack) said. I have already made it clear from outside the House that we are ready to accept a number of amendments. Where I am in doubt, I will listen to the arguments, but I can tell the House now that we will certainly accept a number of amendments tabled in the names of the right hon. Member for North-West Hampshire (Sir George Young) and my hon. Friend the Member for Middlesbrough (Sir Stuart Bell)—and some others.

5 pm

Mr. Peter Bone (Wellingborough) (Con): Was there any discussion this morning about moving a Government motion to amend the programme motion to enable us to spend as much time as we want this evening by removing the 10 o'clock limit? There was a statement and an enormous number of amendments were added only yesterday, so did the Government consider that option?

Mr. Straw: There were discussions, but in the event, it was judged appropriate to keep within the time scale. From my perspective, we are seeking to proceed by consensus and to make as much progress as we can. I also remind the Committee about the judgments made less than three weeks ago across the parties—

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): Across the Front Benches.

Mr. Straw: It may have been the Front Benchers, as the hon. Member for Aldridge-Brownhills (Mr. Shepherd) says, but that is the way we work within the parties and it is how the system operates. There was a general agreement—I am not saying it was universal—that we needed to make swift progress, so I hope that that answers the right hon. Member for Wokingham (Mr. Redwood), who criticises us on account of the speed of the process. I wish that many things had not happened; I wish that the scheme commended by my right hon. and learned Friend the Leader of the House almost this time last year had been voted on and approved by the House. Many Members in their places today did vote for it, as did I; others did not, and I think that their repentance has been very painful and that the whole House and its reputation has suffered from it. Expenses are not dominating the news today, but they were for six weeks, and they undermined the reputation of this House, so it is crucial—in my judgment and, I think, that of the House as a whole—that we act swiftly.

The budgets have yet to be drawn up, but they will be. Our judgment is that the total cost of this scheme and what will be administered—namely, the content of the allowance scheme—will not be more than current costs. Indeed, it may well be less in some respects, as any new system is likely to be simpler than the one it replaces.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I do not demur from what the right hon. Gentleman says about a general consensus emerging a few weeks ago among party leaders and others about having an arm's-length body to deal with financial aspects, allowances and so forth. All that is to the good. What was not agreed—and is not agreed—is the idea of bringing in a statutory code of conduct and, worse still, impinging on our rights and, even more importantly, the rights of our constituents as within the Bill of Rights. At that stage, nobody foresaw the attack on the basic freedoms of our constituents and on our basic freedoms, including, crucially, our freedom of speech.

Mr. Straw: With respect to the hon. Gentleman, he is tilting at windmills.

Mr. Cash: Who is Don Quixote?

Mr. Straw: Not me.

The issue particularly exercising the Clerk and Members was clause 6, which I have dealt with. *[Interruption.]* Well, we can deal with that when we come to clause 10. As I recall, it is the nationalist parties that were keen to ensure that offences were written directly into the Bill, so there is the consequent issue about how to adduce evidence.

Sir Patrick Cormack: The Lord Chancellor knows very well that I endorse all that the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) said a moment ago, and we rehearsed much of this yesterday. What will happen if Sir Christopher Kelly, who is being constrained, trammelled and confined—

Mr. Cash: And insulted.

Sir Patrick Cormack: That, too. What happens if Sir Christopher and his committee decide that they do not want to take this approach? Given that the Government have said that they will accept the committee's report, what will happen?

Mr. Straw: As I explained yesterday, the Kelly committee is dealing with the content of the allowance system—[HON. MEMBERS: "No."] With great respect, that is the central part of what it is doing. It is looking at the whole system of allowances and what its content should be. This Bill is about how any system of allowances should be administered and about setting up a register of financial interests outside the House that should take over certain functions of the Fees Office and the registrar and some aspects of the investigations that are currently undertaken by the commissioner here. The outside body would also make judgments in cases of abuse. All of those follow, as night follows day, from the acceptance on both sides of the House that we should have an Independent Parliamentary Standards Authority.

Mr. David Heathcoat-Amory (Wells) (Con): I must correct the Justice Secretary. He just said that the Kelly inquiry is only conducting a review of the narrow issue of the content of the allowances, but on 23 March the Prime Minister wrote to Sir Christopher referring to

"the opportunity to consider the full picture."

There is no constraint there. The Prime Minister explicitly asked the committee to consider everything. Therefore, it is entirely wrong that through this Bill we are pre-empting and constraining a committee that was set up to consider what the Prime Minister calls "the full picture".

Mr. Straw: I do not accept that. We are not pre-empting what Sir Christopher Kelly is doing. The fact of the Kelly inquiry was well known to all three party leaders. For these purposes, I am not putting words into the mouths of the leaders of the nationalist parties, but the three main party leaders are on the record as welcoming the establishment of an Independent Parliamentary Standards Authority, notwithstanding and in the full knowledge that the Kelly inquiry was under way. That is the truth—

Mr. Bernard Jenkin (North Essex) (Con): Why, then, when I and several colleagues went to see Sir Christopher Kelly, did he specifically ask us what our thoughts were about external regulation? Why did he welcome me writing him a supplementary letter about external regulation that addressed all these issues? Was he acting outside his remit?

Mr. Straw: The hon. Gentleman will have to ask Sir Christopher Kelly why he asked those questions. It would be impertinent of me to suggest a reason, and such matters are for a chairman of an inquiry to determine. I provide this reassurance, not least to the right hon. Member for Wells (Mr. Heathcoat-Amory) and the hon. Member for South Staffordshire, that if there were to be—although I do not anticipate this for a moment—aspects of Sir Christopher Kelly's proposals that the House wished to accept, but they were wholly inconsistent or incompatible with the legislation, we would have to amend the legislation—[Hon. Members: "Ah!"] I am trying to be helpful by saying that that is what we would have to do. There will almost certainly be a vehicle to enable that to happen.

The hon. Member for Stone (Mr. Cash) cannot have it both ways. He has complained that this Bill is being treated as urgent, but it is urgent. With urgent legislation it is usual to say—as I did this time last year about anonymised evidence—that the House will have a chance to consider it again at a time of less urgency. The impending general election will take place by next June, so I do not make that explicit promise, but I do make the explicit promise that if there are aspects of the recommendations from Sir Christopher that the House wishes to implement, but cannot because of this legislation—a very distant prospect—we will have to amend the legislation. *[Interruption.]* The hon. Member for Stone asks why it cannot be done now. I am not clairvoyant, and that would require me to anticipate Sir Christopher Kelly's recommendations.

Sir Patrick Cormack: Will the Secretary of State give way?

Mr. Straw: No. I have already given way to the hon. Gentleman, and we must make progress.

As always, I listened with great care to the speech of the hon. Member for Stone. I thought for a moment that I would be able to record the fact that it was the first speech that I had heard him make in the House for many years in which he did not mention Europe. However, it followed a consistent pattern. Wherever the hon. Gentleman's speeches start, they end with Europe.

I commend clause 1 to the Committee.

Question put:—

The Committee proceeded to a Division; but no Member being willing to act as Teller, the Chairman of Ways and Means *declared that the Ayes had it.*

Clause 1 ordered to stand part of the Bill.

Schedule 1

Independent Parliamentary Standards Authority

Mr. Jenkin: I beg to move amendment 61, page 10, line 12, leave out subsection (2).

The Chairman of Ways and Means (Sir Alan Haselhurst): With this it will be convenient to discuss the following:

Amendment 50, page 10, line 24, leave out from 'by' to 'the'.

Amendment 51, line 26, leave out from 'by' to 'the' in line 27.

Amendment 52, page 11, line 23, leave out sub-paragraph (5).

Amendment 54, in schedule 2, page 17, line 28, leave out from 'by' to 'the'.

Amendment 62, page 17, line 33, at end insert—

'(3A) The person must be a person who holds or has held high judicial office (within the meaning of Part 3 of the Constitutional Reform Act 2005 (c.4)).'.

Amendment 55, page 18, line 15, leave out sub-paragraph (3).

Mr. Jenkin: The purpose of the amendment is simply to ask the promoter of the Bill what the judge, or ex-judge, who is appointed to IPSA will be for, and whether we are appointing him to the right role.

In principle, I have always been in favour of there being someone with juridical experience to help to adjudicate matters of fact, evidence and the interpretation of rules when enforcing those rules on Members of Parliament and dealing with complaints. That is lacking from our present arrangements. However, I fail to understand why it is a good thing to make the judge a member of IPSA. If he were acting purely for the House and independently of potential judicial review, he would be contributing something very positive, but he will be acting as a de facto legal adviser to IPSA in respect of any judicial review of its activities and functions of regulation and enforcement. I propose in other amendments that the construction of the Bill should be insulated from judicial review. I will not refer to them now, but they effectively propose that all proceedings of IPSA and the commissioner should be regarded as proceedings in Parliament under article 9 of the Bill of Rights so that they are themselves privileged and whatever they deal with within Parliament is not therefore subject to adjudication and review by the courts.

5.15 pm

In that capacity, I propose that if we are going to have someone as eminent as, let us say, a former Lord of Appeal involved in these processes, he should be the commissioner and not a member of IPSA. He should be involved with the investigations, the adjudication of rules, the consideration of evidence and the establishment of facts in a fair and impartial way, which is what a judge is trained in being skilled at, rather than just a member of this quango.

I just leave that question on the table for the Lord Chancellor to consider. I welcome the idea of a judge having a role in the process, but it should be on the investigation side, and not just as a member of a quango.

Mr. Heathcoat-Amory: I am grateful to you, Sir Alan, for selecting my starred amendments in your position as Chairman of this Committee. That is, perhaps, a recognition of the fact that we are all in a tremendous rush and it is an abuse of the procedures of this House that a constitutional Bill of this importance is being treated as an emergency. The Government have an emergency, but the constitution does not, and it is wholly wrong that we are having to table complex amendments and have them considered extremely quickly.

None of the amendments I have tabled is in any sense a recognition that this Bill can be adequately improved. I think it is irretrievably a bad Bill, which is why I voted against it. However, in accordance with the spirit that Committees are supposed to have, I have tabled some amendments to try to correct some of the grosser abuses and to question the Government about their proposals.

Amendments 50 and 51 remove the requirement that the chair of IPSA must be appointed by Her Majesty the Queen. I have also included other members of IPSA in another amendment, because I am puzzled about why these need to be royal appointments. Therefore, I have this question for the Justice Secretary: what additional rights and status does this give them? Is it intended to elevate the importance of IPSA? That is hardly necessary, as it is already the supreme quango, at the pinnacle of the quango state; so I want to know what it is that royal appointment brings.

Sir Patrick Cormack: Perhaps it is so that five Members can be arrested at some stage.

Mr. Heathcoat-Amory: My hon. Friend makes an historical illusion, which is relevant because a part of our history—certainly of the history of this place—is an attempt to keep royal power at bay; so, again, it is rather puzzling that we are importing into this Bill, quite unnecessarily in my view, a system of royal appointment.

I suspect that the truth is that this is a kind of proxy for the Executive. They want to appoint the chair and members of this new quango. So my question to the Secretary of State is: what does this bring to the party? If it has no effect, why are we doing it? If it does have an effect, what is it? I certainly believe that this House is perfectly capable of making these appointments, if they are necessary, without having the additional rigmarole of making them Crown appointments.

I am grateful to the First Deputy Chairman of Ways and Means for correcting the misprint on the amendment paper, because Amendment 52 deals with line 23, not line 5. Such misprints are rare, and I think that this was another example of the fact that this is rushed legislation. The amendment leaves out part of paragraph 5 that deals with the removal from office of members of IPSA. The Bill says that such a removal may be carried out by Her Majesty the Queen—I think she has quite enough to do without having that duty as well—and that any such removal must be done

"on an address of both Houses".

I am not sure why both Houses need to be involved, because I understood that this Bill was about this House. Why are we importing into the Bill the requirement that the Leader of the House of Lords should also table a motion in another place to bring about such a removal? Is this because, as I suspect, IPSA is in due course to cover the whole of Parliament, not just this House?

My amendment 52 would alter the procedure within this House and would mean that the motion for an address could not only be moved by the Leader of the House. To put it another way, my amendment would remove the requirement that such an address can be moved only by the Leader of the House and by the Leader of the House of Lords in another place. My amendment seeks to remove that requirement because I am worried that only the Government can do this. I think it is much better to leave the matter open, so that other Members—perhaps the Speaker—can, if the rules allow it, move such an address to make those removals should they be required.

Finally, I come to my amendment 53, which relates to funding.

The Chairman: Order. May I just say to the right hon. Gentleman that his amendment 53 was not selected, so it is not in order to refer to it at this stage?

Mr. Heathcoat-Amory: I shall therefore merely make the point in passing, because it is relevant to the schedule as a whole. I shall ask this in an interrogative way, rather than to make a point, and perhaps the Justice Secretary would refer to it. Why is it that any repayments obtained by this new quango from Members, perhaps in respect of matters paid in error, should not benefit the taxpayer, but instead should be used to fund other activities and functions of the quango? I leave that hanging and I direct the main force of my remarks towards the amendments that you generously selected, Mr. Deputy Speaker.

Sir Patrick Cormack: Mr. Deputy Speaker, I rise briefly to—

The Chairman: Order. May I just make a correction for the Committee's benefit, because this error is being repeated? We are in Committee of the whole House, so the form of address is either Mr. Chairman or Sir Alan.

Sir Patrick Cormack: I am extremely sorry, Sir Alan, and I hope that you will forgive me. I rise to support the amendment to which my right hon. Friend has just spoken. I do so because he highlighted a very important aspect of this Bill when he talked about the royal appointment, because, as we all know, royal appointments

are prime ministerial appointments. In making those comments, my right hon. Friend indicated why we are here today. We are here today because of the Prime Minister, who, in a fit of pique and panic, has introduced an extremely bad Bill to Parliament. I have often been criticised, in my constituency and elsewhere, for sometimes working too closely with Members of other parties. I have taken great pride in that and I still do. It is with great reluctance that I have come to the conclusion that the Prime Minister of this country at the moment is not a good public servant of this country—

The Chairman: Order. It troubles me to have to intervene once again on the hon. Gentleman, but having listened to what he has said so far I do not detect how it fits with the narrow amendment we are discussing.

Sir Patrick Cormack: It fits, if I may so suggest, Sir Alan, because the amendment tabled by my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) wishes to delete the reference to royal appointment. I have made the point that a royal appointment is, in effect, a prime ministerial appointment. This very bad Bill has been foisted on us by the Prime Minister in a spirit of vindictiveness, malice and uncharitableness. He is a Prime Minister who wishes to tear down some of the institutions of this country, of which Parliament—

The Chairman: Order. The hon. Gentleman is giving me trouble this afternoon. I reacted instantly to the use of the word "malice" and I think that that is over the borderline of what should really be permissible when ascribed to a right hon. Member.

Sir Patrick Cormack: At your instruction, Sir Alan, I will withdraw "malice" but I shall leave "uncharitableness". I believe that we are where we are today because of the Prime Minister's determination to foist on us an instrument that is destructive of this Parliament and its Members' rights, including yours, Sir Alan.

I shall rest my case there, because I do not wish to make a long speech. I say what I say with a considerable degree of reluctance, but my right hon. Friend the Member for Wells is right to insist that the reference to the royal appointment should be deleted, because for "royal" one has to read "prime ministerial", and that takes away the power of Parliament to regulate its own affairs and makes us dance to the tune of the chief executive—something that no free Parliament should ever do.

Mr. Edward Garnier (Harborough) (Con): May I ask the Secretary of State one or two questions that arise from the amendment tabled by my hon. Friend the Member for North Essex (Mr. Jenkin)? They relate to the sub-paragraph of the schedule—paragraph 1(2)—that deals with the need to have a member of the judiciary, past or present, on IPSA.

It seems a matter of concern that we should be permitting an arrangement whereby a current member of the senior judiciary becomes involved in what will, in many respects, be an acutely political environment. IPSA, of course, will no doubt do its best to act in a dispassionate and judicial way, but the subject matter of its deliberations must by its very nature be acutely political. Indeed, that subject matter will not just be capital "p" political, but party political. We need to be extremely careful about drawing current members of the judiciary into the arena. Perhaps, on better consideration, if we are to have a person of judicial experience on the body, it should be a retired judge and not a sitting judge. However, I do think that some legal experience is sometimes helpful.

I appreciate that not all Members of Parliament always agree, and I also understand that the Lord Chancellor takes a different view from mine on the construction of certain parts of the Bill, particularly in relation to clause 9 and how we define dishonesty. We can perhaps discuss that tomorrow, when I shall do my best to correct him.

Mr. Jenkin: I confess that, perhaps naively, I took sub-paragraph (2) to mean that it was intended that a person who held judicial office at the time of his appointment to IPSA would relinquish that office. If that is not clear, it should be made clear. I hope that that is the Government's intention and that, if necessary, they will table a Government amendment to clarify matters. In addition, does my hon. and learned Friend agree that a person with experience of high juridical office would be more objective and less likely to be infected by party political matters than, say, a former civil servant?

5.30 pm

Mr. Garnier: That is one of the skills of being a judge. I have no doubt that any current judges who had the misfortune to be appointed to this body would do their best to apply their judicial skills, but that is not the point. Judges must be separated from politics, and seen to be so. We do not have a written constitution in this country, but whether those who prefer a written constitution like it or not, we do have a separation of powers. Importing current judges on to political bodies of this nature would be a mistake.

The other point that flows from the amendment is that there are statutory limits on the numbers of people who may serve as judges in the High Court, the Court of Appeal or the Judicial Committee of the House of Lords. It is not widely known—and even where it is known, it is often ignored—that those people are already fairly fully employed. Taking a serving judge off the current bench of senior judges would simply add delay to the existing criminal and civil jurisdictions, and place additional work on the backs of the current judiciary at a time when they have plenty to do already. There are only two logical conclusions: either that sub-paragraph (2) be deleted, as advocated in amendment 61, or that membership of IPSA should be restricted to retired or former senior judges.

Mr. Dominic Grieve (Beaconsfield) (Con): I want to say a few words about the amendments, and the Opposition's view of these matters. My hon. Friend the Member for North Essex (Mr. Jenkin) has tabled two amendments that are important in that they give proper consideration to the issue of judicial appointments, as my hon. and learned Friend the Member for Harborough (Mr. Garnier) has explained. There seems to be good reason for having someone of legal experience on IPSA, but I also think that the point made by my hon. and learned Friend is correct. I find it very difficult to imagine how a person in high judicial office, with some time in post still to run, would want to spend his or her later years on the judicial bench—or the years after

[Mr. Dominic Grieve]

leaving it—as a member or the chairman of IPSA. It strikes me as a job that, although it may have some interest, is unlikely to match the interest generated by working on the bench.

Mr. Paul Goodman (Wycombe) (Con): Does my hon. and learned Friend believe that a judge's enthusiasm for serving on this body will be enhanced by the possibility, which the Justice Secretary has confirmed, that it may be scrapped at a later date if Sir Christopher Kelly turns out to dislike it?

Mr. Grieve: I agree entirely with my hon. Friend. I would not have thought that the uncertainties about the structure of IPSA would encourage people of sensible disposition who wish to be of public service to apply to join it. I do not wish to stray from the amendment, but we touched on one of the unfortunate aspects of the matter yesterday when we noted the degree of incoherence in how we have proceeded with this legislation. Even the bits that we support—I shall say more about them in a moment—seem to us deficient, as we cannot see the entire structure because we do not have Sir Christopher Kelly's report.

There are good arguments for saying that IPSA should have a person with legal experience serving on it. If that is to be a retired High Court judge, so be it, but the point has been made that a person who has an active career in the judiciary should not be included in the list, and I rather think that that was not what the Secretary of State intended.

Mr. Jenkin: The main point that I was seeking to make was that if we are to have someone with such experience, he should be on the investigation and prosecuting side, not on the administration and function side. That was the main point of my tabling this pair of amendments. I wonder whether my hon. and learned Friend has a view on that?

Mr. Grieve: There again, having someone of legal experience on the investigatory side may be desirable—clearly not a serving High Court judge or someone who is likely to go back on the bench. There are arguments that someone of legal experience would be valuable. I happen to think that legal experience would be valuable in either role. I shall be interested to hear from the Secretary of State what he has to say on the subject.

There are two slightly different roles. One is clearly investigatory and involves making sure that due process of law is followed, so judicial experience is relevant, especially in view of the comments made by the hon. Member for Hendon (Mr. Dismore) about the human rights compatibility of the new statute. Equally, there may well be some scope for judicial experience within IPSA, if for no other reason than that if one gets the right person it will help inject common sense and may be of assistance in justifying decisions to the public independently of the House. For those reasons, I shall be interested to hear what the Secretary of State has to say.

The second set of amendments has been tabled by my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) on the question of royal appointments. There is something slightly strange here. On the one hand, the Bill makes it clear that the appointment is made by this House voting on a motion, but is ratified by the Queen. On the other, later in the Bill, the person who is appointed is described as not being a Crown servant. I find a slight incompatibility between an appointment that derives from the monarch and the appointee not being a Crown servant. I shall be interested to hear from the Secretary of State exactly what the legal status of that person will be.

Mr. Edward Leigh (Gainsborough) (Con): Is it not a fundamental point of parliamentary privilege established since the civil war that no Crown servant should have any jurisdiction over this House?

Mr. Grieve: My hon. Friend makes an important point. The difficulty that the House has, and we have to face up to it, is that either IPSA is our creature in the sense that it is ultimately answerable to us, or it is not. As I said on Second Reading, I have grave anxieties about the widening of the scope of IPSA's operation, especially to issues of MPs' conduct. That is in a sense a separate issue that we will have to consider tomorrow, although it will colour my view about the entirety of the legislation.

If the purpose of establishing IPSA is to set up a system for setting our salaries and allowances and ensuring that they are properly paid and that we repay what might have been misclaimed, the arguments for creating a body that is seen to be entirely independent of the House become strong. I have to say that we have got ourselves into our difficulties in part because we have in-house allocation of our allowances and we ultimately control them.

I am sympathetic to the Government's aim, as I made clear at the outset, of having our salaries and allowances set outside this place entirely. If we are to achieve that, it must follow that IPSA cannot be seen to be our creature. If it is appointed on the basis of motions in the House, it will remain so. That is the point where I have sympathy with the Government's position. That sympathy begins to erode when I see how the Government have provided for IPSA to have other functions and, above all, for the commissioner to have other functions which I believe intrude into areas of conduct, affect the Bill of Rights and our privileges, and are much more controversial.

The question that I would like the Secretary of State to answer is: in view of what the Bill says—namely, that the appointment is made by motion of this House but is ratified by the Crown—what is the status of the person who is thus appointed if they are not a Crown servant? On the face of it, it seems rather an anomalous position.

Mr. Straw: This has been a useful debate, and I am grateful to right hon. and hon. Gentlemen for having raised issues. Let me deal with them in turn. The hon. Member for North Essex (Mr. Jenkin) asked, first, whether it was appropriate for there to be a place on the authority for somebody who has held high judicial office; secondly, whether it is acceptable, in any circumstances, to hold out the possibility of that person being a current holder of high judicial office; and, thirdly, whether it would be more appropriate for somebody in that position to be the person selected to be commissioner.

On whether it would be very useful for there to be one person on the authority who has high judicial experience, certainly there was not much argument in the inter-party talks, although I accept that they were not a substitute

for debate in this House; of course they were not. My view is that given the nature of the functions of the authority, somebody with high judicial experience could be extremely helpful in helping to guide the authority. There is no direct parallel, but I have certainly witnessed at close hand the work that former members of the Court of Appeal have done as commissioners for the interception of communications, for surveillance and for the intelligence services. They do a job that is partly administrative and partly adjudicatory, and they do it with huge skill, perspicacity and authority. We are trying to set up an authoritative body that is at arm's length from the House, and that does not leave us open to the criticism that we are judging ourselves, so having someone with that authority on the body would be very helpful.

I say to the hon. Member for North Essex that the authority will have two functions, which are set out in one of the clauses. One of the functions is to run the administrative system—that is, to administer the allowances and so on. The execution of that system will be a matter for the chief executive. Alongside that, but quite separately, there is the function of adjudicating on complaints that are brought to the body by the commissioner. In certain circumstances, the body will deal with the complaints; in other circumstances—if it judges the complaints to be more serious—it will refer them to this House. Again, when it comes to ensuring that there is an acceptable process that meets the requirements of natural justice and of article 6 of the European convention on human rights, it would be helpful to have somebody on IPSA with the authority of high judicial experience.

On the hon. Gentleman's second point, he is quite right to suggest that it is improbable, not to say impossible, that somebody who is currently serving as a senior judge could or should accept appointment to IPSA. The only circumstances that I can conceive in which the current wording would be relevant are those in which someone who is coming to the end of their term of office, and is about to retire, wishes to apply for the IPSA job. He or she might be appointed to it while still holding high judicial office, but would not take the job on until they had finished their term of office. However, if I may, I will take away the issue of the current drafting and think about it.

On the third point, which was about whether it would be more appropriate for the commissioner to be somebody who had held high judicial office, there is nothing to stop somebody who has judicial experience from applying for the post. It is important that a member of the authority should have held high judicial office, but I can think of others who have had good judicial experience who could easily fulfil the work of the commissioner.

Mr. Jenkin: There has been a succession of very able Parliamentary Commissioners for Standards, but no holder of that office has had juridical experience, and that is a disadvantage. Surely the Bill is an opportunity to make sure that an improvement is made in the new arrangements.

Mr. Straw: I am a member of the legal profession and have great affection for it. I have made plenty of jokes along the lines that only a lawyer should apply for any job I can think of. I know there is approbation for that on at least part of the Opposition Front Bench. However, just as we have fine qualities, there are others with equally good qualities.

5.45 pm

Mr. Garnier: Could the Government think a little more carefully about another problem? They are in danger of leading themselves into yet further difficulties. The Secretary of State has now accepted that it would be unwise for a serving member of the judiciary to fulfil the function, but the Government's policy seems to be continually to reduce the retiring age of judges, presumably on the basis that above that age they are unfit, through senility or exhaustion, to serve as judges. If they are required to retire at increasingly early ages as judges, why are they then fit to perform the proposed function?

Mr. Straw: The basic reduction in the age of retirement for the judiciary was made by the right hon. and noble Lord Mackay in 1995. It was his proposal to reduce the retirement age from 75 to 70. I have no proposals to reduce it still further, and I would be reluctant to do so. As the hon. and learned Gentleman knows, many members of the senior and less senior judiciary are very capable of carrying out further functions after they have retired.

Let me deal with the points made by the right hon. Member for Wells (Mr. Heathcoat-Amory). I do not accept—and there is no provenance for this—that if an appointment is made by the Speaker, by virtue of that fact it is a creature of the Executive. Many, many appointments are made which have nothing whatever to do with the Executive. My right hon. Friend the Member for Birkenhead (Mr. Field), who is not in his place, said to me that he had been appointed by Her Majesty to two positions, neither of which have anything to do with the Executive.

We considered whether, as is standard in respect of the Comptroller and Auditor General, for example, there was something to be said for the appointment to be formally recommended by the Prime Minister, but we ruled that out rather quickly so that the recommendation should go direct from the Speaker. As was made clear by the ceremony last Monday, in which I took part, the Speaker, who is elected to serve the House, has to have his or her appointment approved by Her Majesty, but that never goes near the Executive, nor should it. I hope I can provide reassurance on that.

The purpose of ensuring that if there is discontent with the individual or individuals, they can be removed only on an address of both Houses, is to bring that into line with the arrangements for the removal of members of the High Court and above, to give them assurance that they are independent. That makes sense, but I accept the right hon. Gentleman's objections to only the Leader of the House or the Leader of the other place being able to put that motion before the House. I acknowledge that that provision should not be in the Bill, so I will seek the approval of the House for amendment 52.

Mr. Jenkin: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment made: 52, in schedule 1, page 11, line 23, leave out sub-paragraph (5).—*(Mr. Heathcoat-Amory.)*

Sir George Young (North-West Hampshire) (Con): I beg to move amendment 3, page 15, line 41, leave out from 'After' to end of line and insert

'the Committee has reviewed the estimate and made any modifications, the Speaker'.

The Chairman: With this it will be convenient to discuss the following:

Amendment 4, page 16, line 28, after 'and', insert 'the Speaker must'.

Amendment 5, page 16, line 30, leave out 'On laying' and insert 'When the Speaker lays'.

Amendment 1, in clause 3, page 2, line 18, leave out 'IPSA' and insert 'Speaker'.

Amendment 2, in clause 5, page 3, line 25, leave out 'IPSA' and insert 'Speaker'.

Sir George Young: These are technical amendments, and the need for them may reflect the haste with which the Bill has been drafted. Paragraph 25 of schedule 1 provides for IPSA to lay its annual report before Parliament. Papers may be laid on the Table only by a Member or an Officer of the House, so in practice someone will have to lay the annual report and other papers on behalf of IPSA. Of course, IPSA is independent of the Government, so it would not be right for the papers to be laid by a Minister of the Crown. The Government may assume that the Clerk of the House will lay them, but the legislation should not rest on assumptions, and, to the extent that there are precedents for this, they are not very good. It will be for the House authorities to decide whether any Act, drafted in the current terms of the Bill, provides sufficient clarity and authority for papers to be laid on behalf of IPSA.

It would be much better to specify the laying authority in the Bill, and the Speaker, as Chairman of the Committee established by virtue of clause 1, is the appropriate person to lay the papers both on behalf of that Committee and, indeed, of IPSA. He already lays papers on behalf of similar independent bodies, such as the Electoral Commission. If the Government do not agree, they should at least make it clear in the Bill who will lay those papers.

Sir Stuart Bell (Middlesbrough) (Lab): I am very grateful for the opportunity to make a contribution with you in the Chair, Sir Alan; it is a very rare opportunity for us all. I simply second the comments of the right hon. Member for North-West Hampshire (Sir George Young). His amendment would place the focus back on the Speaker, and, as we have just chosen a new Speaker, it is appropriate that he have that role. I seek to be persuasive, and I invite the Secretary of State to agree to the amendment.

Mr. Straw: Such is the eloquence of the right hon. Member for North-West Hampshire (Sir George Young) and my hon. Friend the Member for Middlesbrough (Sir Stuart Bell) that I am very happy to accept the amendment. It makes eminent sense and shows the value of this kind of process.

Amendment 3 agreed to.

Amendments made: 4, in schedule 1, page 16, line 28, after 'and', insert 'the Speaker must'.

Amendment 5, page 16, line 30, leave out 'On laying' and insert 'When the Speaker lays'.—*(Sir George Young.)*

Schedule 1, as amended, agreed to.

Mr. Jenkin: On a point of order, Sir Alan. What happens to amendments 1 and 2?

The Chairman: They come later. The hon. Gentleman should not be concerned; we shall arrive at them in due course.

Schedule 2

COMMISSIONER FOR PARLIAMENTARY INVESTIGATIONS

Question proposed, That the schedule be the Second schedule to the Bill.

Sir George Young: Schedule 2 creates a new Commissioner for Parliamentary Investigations, but it leaves in place the existing Parliamentary Commissioner for Standards. After the legislation comes into force, the Parliamentary Commissioner for Standards will, for an as yet unspecified period, retain responsibility for the register of Members' staff, the register of journalists and the register of all-party groups; for advising the House on its code of conduct; and for considering complaints that a Member has breached the code, unless the complaint relates wholly to the Members' allowances scheme or to the rules on Members' financial interests.

Of course, complaints do not always fit neatly into one category or another, however; it is perfectly possible for a complaint against a Member to fall into two. The advantage to the public and to the House of the current arrangements is that we have a one-stop shop for complaints about Members: the Parliamentary Commissioner for Standards. Under the Bill, however, we will close that one-stop shop. Not only will some complaints be potentially open to investigation by both commissioners, but the conduct of the two investigations into the same complaint may be carried out according to different procedures, and the resolution of the two complaints may be made according to different criteria.

Last night, the Deputy Leader of the House told the House in her winding-up speech:

"Any future change to the role of the Parliamentary Commissioner for Standards would be made only with the agreement of the Speaker and after an affirmative vote by the House, following consultation with both the Independent Parliamentary Standards Authority and the Committee"—

my Committee, the Standards and Privileges Committee—

"that the right hon. Gentleman chairs."—[*Official Report*, 29 June 2009; Vol. 495, c. 126-27.]

In view of the potential for confusion, I wonder whether I can press the Minister to say a bit more today about how she sees the relationship between those two commissioners prior to such changes that may bring to an end the existence of one. How exactly will we avoid all the dangers of duplication, overlap and inconsistency of approach which are inherent in two commissioners being in office at the same time?

Mr. Grieve: I endorse everything that my right hon. Friend has just said. There will inevitably be duplication in the transition period, but then the question is, what happens beyond any transitional period? Either we get rid of the Parliamentary Commissioner for Standards, whom we have in this House, in which case the Commissioner for Parliamentary Investigations must inevitably acquire the powers of regulation over those matters that are solely within the House's remit; or we recognise the basic problem that the Government created a Bill that was initially designed to regulate our conduct in its entirety, they backed off after the overwhelming

outcry about the House's independence being completely lost in the process, and they have been unable to follow the matter through to its logical conclusion, which is that the role of the Commissioner for Parliamentary Investigations is redundant. We should look for a proper system whereby IPSA, if it considers rules on claiming allowances and salaries to have been transgressed—although that is rather unlikely in the case of parliamentary salaries—makes any reference that it needs to make to the existing structure.

That is the problem, and my right hon. Friend is absolutely right to highlight the fact that the issue appears to be a fertile area for conflict. Conflict will occur not just when we decide on the current structures today; we are laying the ground for future conflict when the House considers whatever the final structures should be.

Mr. Garnier: Taking into account what our right hon. Friend the Member for North-West Hampshire (Sir George Young) said about the potential for conflict over the interpretation of the law and the facts, might not one pragmatic solution be to have one person doing both jobs? It is a bodge, but this Bill is a bodge.

Mr. Grieve: My hon. and learned Friend makes an interesting and sensible point. The only difficulty is that we have just debated the fact that the chain of answerability of the Commissioner for Parliamentary Investigations and the Parliamentary Commissioner for Standards is different: one derives directly from the House; the other quite deliberately—certainly in terms of IPSA—goes somewhere else.

The measure has not been properly thought through, and there is a real constitutional incoherence about the way the Government have dealt with the issue. The problem will not go away just because we decide to ignore it.

Mr. Leigh: Is not the overwhelming and logical conclusion to the argument of my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) that IPSA should be no more and no less than an independent fees office?

Mr. Grieve: My hon. Friend refers to the body that many thought was going to be created. There are very good arguments for having a wholly independent body administering our salaries and allowances. That would free Members of Parliament from a burden which, frankly, we were showing ourselves very ill used to discharging, and which meant that we were coming in for a great deal of public criticism; in many cases, MPs did not want to go through the business of doing it because it attracted public opprobrium whatever decisions they came to.

6 pm

Those are really good and compelling arguments. The Government have muddied the waters. When the Prime Minister made his pronouncements on television, which did not appear to relate to having taken any prior advice, he indicated that this structure would have supervision of our conduct without thinking through the constitutional implications. Although he has since rowed back—under a great deal of pressure, I suspect, from several quarters—there has been an unwillingness to follow that through to its logical conclusion. I urge the Secretary of State—who is, after all, responsible for the rule of law in this country, for trying to maintain some clarity, and for protecting our constitution—not to create what appears to be a dog's breakfast. I will be interested to hear how he thinks these two things can, in practice, be reconciled when it is abundantly clear that if we breach the rules on parliamentary allowances, we bring ourselves directly in line for criticism in terms of our status as Members of this House. Having some clarity would help everybody.

Mr. Straw: The right hon. Member for North-West Hampshire (Sir George Young) has raised an important issue that we discussed to some degree in the cross-party talks. It may be helpful if I tell the Committee what is in the Government's mind. I resist the claim by the hon. and learned Member for Beaconsfield (Mr. Grieve) that we have been unwilling to follow through the consequences of our proposals to their logical conclusion. We are not discussing clause 11 at the moment, but that clause—Opposition Members will recall its provenance—was put into the Bill to try to deal with precisely this issue.

First, let me deal with the point made by the hon. Member for Gainsborough (Mr. Leigh), wh[illegible]ked whether this body should have been an independent fees office, in his phrase, and nothing more. We are indeed establishing an independent fees office, but there are certain consequences that follow from that. One of the key consequences involves who then supervises that independent fees office. If we approve the principle of an independent fees office, as the House plainly has—I remind Members that the principle of the Bill was approved by a majority of 290; the vote was 291 to one—we must also approve the principle that the people who supervise it must be independent of this House. Otherwise, we would get into the absurd position of having a fees office that was allegedly independent, but when there was a complaint about its operation—whether it came from a member of the public, a Member of this House or a member of staff, and whether it concerned its administration or how it was adjudicating on individual Members' allowances and claims—that complaint would fall to be adjudicated solely by this House. If there were then a question about whether the new independent fees office was being properly run, again it would fall to the House to deal with it. We would not be setting up what we sought to set up at all, but a charade.

That is why we thought that we should set up the structure that is essentially provided for in schedules 1 and 2. The authority has two branches to its work, one of which is administrative. There is a chief executive, or chief officer, appointed by the authority, but it is the chief officer, not the authority, who is the accounting officer, and he or she is directly responsible for the administration and good financial conduct of the authority and its expenditure of money. On the other side, there is a commissioner who is there to investigate complaints, which may well be about the operation of the chief executive and his or her staff. I suggest to the Committee that that is an essential part of any process to establish what the hon. Member for Gainsborough describes as an independent fees office. There is an argument for saying that the commissioner should be wholly hived off, but the commissioner is pretty nearly wholly hived off.

The right hon. Member for North-West Hampshire asked whether we would have two sets of investigations falling over each other with two sets of procedures. If one reads the Green Book, one can see that it is overwhelmingly concerned with Members' conduct in

[Mr. Straw]

terms of their financial interests and allowances. That will fall almost exclusively to the new authority and the new commissioner. However, there will continue to be some work for the existing commissioner and some investigations that will go directly to the Standards and Privileges Committee, not through the authority as well.

The hon. and learned Member for Harborough (Mr. Garnier) asked whether it might be sensible to have one person who was able to do both jobs. Yes, it might be; the double-hatting of functions is perfectly normal in many situations. That is why clause 11, which we will come to in due course, provides for two sets of things. First, subsection (1) states:

"The Speaker, after consulting the Commissioner and the House of Commons Committee on Standards and Privileges, may agree with the"

authority that it

"is to carry out any registration function specified in the agreement"

that it is not already carrying out. The registration functions in the Bill will be functions relating to Members, not necessarily to Members' spouses or staff, nor, for example, to the press lobby, which is currently separate. If that is agreed, then subject to the provisions in subsection (8), those functions would go to the authority.

Secondly, subsection (4) states:

"The Speaker, after consulting the IPSA and the House of Commons Committee on Standards and Privileges, may agree with the Commissioner that the Commissioner is to carry out any relevant function specified in the agreement (whether relating to a matter arising before or after the agreement is made or the date this Act is passed)."

Therefore, the existing functions could be passed over. The other safeguard for the House is that that could happen only if the agreement were approved by a resolution of the House.

Mr. Grieve: The Secretary of State makes a compelling argument for having a reviewer of IPSA decisions in relation to any mistakes that might be made by IPSA or complaints about individual Members' claims in terms of their having been overpaid or paid for something to which they were not entitled. I have no difficulty with that. The difficulty that arises, which is inherent in the enforcement provisions in clause 8 that we will have to consider tomorrow, is what happens when one sets up a system whereby IPSA or the Commissioner for Parliamentary Investigations—it is not quite clear how they interrelate in this context—makes recommendations to the Standards and Privileges Committee about what it should do to Members of Parliament who have, in IPSA's view, transgressed on a financial matter. For reasons that I made clear in my closing remarks yesterday, I think that is very dangerous territory for the independence of this House. That is why my original comment is valid. The Commissioner for Parliamentary Investigations is a leftover from a structure that was put together by the Prime Minister at a time when he wanted to put this House entirely under independent regulation from outside.

Mr. Straw: The hon. and learned Gentleman's imagination is running away with him. I promise him that that is not the case.

Mr. Garnier: A few moments ago the Secretary of State made a perfectly fair point about the need for complaints about the independent fees office, as my hon. Friend the Member for Gainsborough (Mr. Leigh) described it, to be dealt with by someone independent. However, according to schedule 2 the Commissioner for Parliamentary Investigations will essentially be chosen by, or with the agreement of, the Speaker, and the Speaker cannot nominate a candidate without the agreement of the Speaker's Committee for the Independent Parliamentary Standards Authority. Who will make up that Committee but Members of Parliament? The Secretary of State is building into his so-called independent system a snake and a ladder that go straight back to Parliament, so the appearance of independence is destroyed.

Mr. Straw: The hon. and learned Gentleman raises an important point, but someone has to appoint both the members of the authority and the commissioner. The hon. Member for Rutland and Melton (Alan Duncan)—if I might have his attention for a moment—and other members of the cross-party group will confirm that we considered alternative methods for the appointment of the commissioner. One was for it to be effectively in the hands of the civil service commissioners, so that we would simply be presented with a person whom we would endorse but have no ownership of, as it were. That did not find favour with the hon. Gentleman or anybody else on the cross-party group, or indeed with me.

There is a balance to be struck. The House can set up an independent authority and appoint independent individuals, which is consistent with our responsibilities, or it can somehow lose its sense of responsibility and outsource decisions to another body completely. I happen to think—I may be wrong—that we have got the correct structure and the right balance.

I am confident in saying that because, for instance, I have been part of the process to appoint members of the Electoral Commission. That has been done on an all-party basis, with the assistance of the civil service commissioners, but by this House. No one suggests that members of the commission, or its recently appointed chair, are not independent of the House, even though they are appointed by it. No one suggests that although the new Information Commissioner is endorsed by the House, he is not independent of it. We are perfectly capable of making judgments about the qualities of individuals and having protections to ensure their independence.

Finally, all the people appointed under schedules 1 and 2 will have tenure unless they are removed by an address to Her Majesty generated by any Member of the House.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): On any view, the commissioner will have considerable authority over right hon. and hon. Members, or at least his decisions will have an impact on them. The selection of the commissioner is therefore a matter of considerable importance and should be subject to constraint and oversight. It is clear from paragraph 1(3) and (4) of the schedule that the drafters of the Bill had that in mind. I note that the person in question will have to be selected by the Speaker, and I note from sub-paragraph (4) that:

"The Speaker must not select a candidate without the agreement of the Speaker's Committee for the Independent Parliamentary Standards Authority."

I hope that you will allow a debate on schedule 3, Sir Alan, because one is therefore driven to consider the composition of that committee.

I notice that in reality, the Executive could have considerable authority over the selection of the committee that is specified in schedule 3. Obviously the Speaker is independent of the Executive, but the Leader of the House is not. The five members of the committee who are MPs but not Ministers, who are to be appointed by the House of Commons, may well be chosen as a result of a Whips' operation.

6.15 pm

We could therefore find that the composition of the committee, which will no doubt sit under the chairmanship of Mr. Speaker, is shaped by the Executive of the day, operating through the Whips when the House comes to decide its membership. I regard that as a thoroughly undesirable state of affairs, and it means that the safeguard on the appointment of the commissioner that we are providing under sub-paragraphs (3) and (4) is much less real than one perhaps thinks. I hope that you might allow a short debate on schedule 3, Sir Alan, so that that point can be reinforced and so that we can make the further point that the House should have greater independence when it comes to decide on the nature of the authority.

Mr. Cash: Schedule 2 deals with the role of the Commissioner for Parliamentary Investigations. We will get on to questions of privilege later under clause 7, but I simply wish to put it on record that on my analysis of the commissioner's function, the schedule and clause 7 do not appear to preclude the involvement of the police. The use of the word "may" in that context, irrespective of whether the word "shall" should have been used, gives rise to the question whether there will be parallel functions. I hope that the Secretary of State will take account of that in his consideration of clause 7 later, because although I believe it is intended that the commissioner will have the function—apparently the sole function—of investigating, I am by no means convinced that that will be the result of how the Bill is drafted.

Sir Patrick Cormack: I wish to support the comments of my right hon. Friend the Member for North-West Hampshire (Sir George Young). We are devising a new system on the hoof in this very fast piece of legislation, but I beg the Secretary of State to have something that is clear and that we and our electorate can understand.

We had quite a few problems over the years, until we solved them recently, with the fact that certain things had to be declared to the Electoral Commission and certain things to the registrar of interests here. Some Members fell foul of that system without any personal culpability, because they had not completely understood it. It was very confusing, but that was acknowledged and we have now put it right. We are in danger of creating another system that will be even more confusing.

My right hon. Friend rightly pointed to the activities of the Parliamentary Commissioner for Standards, and I know of no one who has seriously criticised the current commissioner or his predecessor, Sir Philip Mawer, who was an enormously dedicated public servant and gave great time and tremendous integrity to his task. He served the House, and through it the country, very well indeed. I have no reason to suppose that the current commissioner is any different. I rather infer from my right hon. Friend's remarks that he has a similar regard for him.

Sir George Young *indicated assent.*

Sir Patrick Cormack: My right hon. Friend indicates that he does. Now we are going to have another commissioner. The clearly logical situation would be to do as my hon. and learned Friend the Member for Harborough (Mr. Garnier) suggested, but the Secretary of State indicated that there would be a potential conflict of interest in that. We have to address that point, because the public need to know who "the commissioner" is. They will not understand the nuances and the differences between one commissioner and the other.

I am sorry to go back to this point, but we are in this mess because we are legislating on the hoof and with such precipitate and unnecessary speed. On 18 June—less than two weeks ago—I asked the Leader of the House whether IPSA would be solely concerned with the financial aspects, and she replied in the affirmative. Even though the Secretary of State graciously withdrew clause 6 yesterday, we still have an exceptionally badly drafted and unsatisfactory Bill. It has caused widespread concern throughout the House, irrespective of party—the minority parties are as concerned and exercised by it as any others.

We compound the problem by having two commissioners, and the confusion makes it difficult for people who wish to level genuine complaints—I do not mean those who wish to make frivolous and vexatious complaints; goodness knows, there are enough of them. The Secretary of State obliquely suggested that it might be possible for one person to wear two hats, and I urge him to consider the matter further so that when the Bill goes to another place, where Members have more time and, frankly, more expertise, they can perhaps reach a reasonably satisfactory conclusion, which does away with the confusion and creates the clarity that must be the prerequisite of such legislation.

The Chairman: Before I call the next hon. Member, I need to make a confession to the House and seek indulgence. In the euphoria that we perhaps felt when the Secretary of State accepted amendment 52 in the name of the right hon. Member for Wells (Mr. Heathcoat-Amory), I failed to notice that amendment 55 makes exactly the same point. It requires the leave of the House for me to put that amendment immediately before I put the Question on the schedule. That is clearly logical and would save tidying up later. Do I have the House's approval? [Hon. Members: "Yes."] That is what we will therefore do. I offer my humble apologies for not spotting that earlier.

Mr. Denis MacShane (Rotherham) (Lab): I want to place on record my concerns, some of which mirror those that Opposition Members have expressed, about the creation of the Commissioner for Parliamentary Investigations and providing for it in the Bill. The public think that it is to do with stopping the scandals about expenses, which have caused so much concern. Instead, we are creating something that has a slightly Cromwellian air. Cromwell was keen on commissioners in place of Members of Parliament. A Commissioner for Parliamentary Investigations sounds rather sinister. What exactly will that person investigate?

[Mr. Denis MacShane]

If we combine the earlier aspects of the Bill with the new rule book that has just been presented to us, it will be jolly hard for any Member of Parliament to write a book again. Those who consider doing that will have to log all the hours they spend thinking about, preparing and writing the book. When such matters are reported to the new IPSA, or "Guardian Council" as I prefer to call it, constituents will ask, "What on earth is this man doing writing a book? He should be in the constituency working on all our cases. We need a parliamentary investigation. Oh good, we have a Commission for Parliamentary Investigations. Let's get him on the job." I exaggerate slightly.

My right hon. Friend the Secretary of State, who is a much better, more honest and keener parliamentarian than I will ever be—I know from working with him as a Minister how seriously he takes the House—is trying to get something on to the statute book in response to one of the periodical "fits of morality", to quote Lord Macaulay, through which our nation is going.

I ask my right hon. Friend to ascertain whether the old expression "festina lente" applies. In my 15 years as a Labour Member of Parliament, who would like an elected second House, I never thought that I would say, as I say tonight, that I hope that the other place takes time and considers the matter carefully. The concern is cross party—many of us are talking about the matter in the Tea Room and in the corridors. That includes those who are not present because we have many other unfortunate and pressing issues to tackle. For example, I have to deal with massive steel redundancies in my constituency.

I speak simply out of deep concern that we are legislating in haste and without clarity, and creating an incredibly powerful office that can interfere substantially with what Members of Parliament do. Members of Parliament can be eccentric—I note that the hon. Member for Bethnal Green and Bow (Mr. Galloway), who was once a great supporter of Saddam Hussein, now supports, according to reports that I have read, President Ahmadinejad and is acting as his spokesman in Britain.

The Chairman: Order. The right hon. Gentleman must take care when criticising another hon. Member, certainly when it is done without notice.

Mr. MacShane: I was simply reporting what the website said. If it is a criticism, let the cap fit.

In the House, we have always had our eccentrics—people who are isolated in their party and from public opinion. However, they were always protected by the invincible shield of having been elected by their constituents in a free vote in a specific locality. Nothing could take that away from them.

Sir Patrick Cormack: Churchill.

Mr. MacShane: Indeed. At the beginning of 1939, the Conservative party actively tried to deselect Churchill. Winston Churchill had to conduct a surgery; he had to go to his constituency and find out where Chingford or Chigwell—whatever it is called—was.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): Chingford.

Mr. MacShane: I apologise to the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith).

Mr. Leigh: Winston Churchill's private and business affairs were extremely shady in the 1930s, and he would certainly have fallen foul of the new commission.

The Chairman: Order. We should try to return the debate to the narrow confines of the schedule.

Mr. MacShane: Under the new rules, not only in the Bill, but in the Green Book that has been waved around, the notion that anybody could find time to write a book while serving as a Member of Parliament has gone out of the window. I do not know whether that is healthy. Many of us feel that we should spend more time reading books; one or two of us are mad enough to try to write one, but there will be little time to do that under the new proposals.

I appreciate that my right hon. Friend the Secretary of State is trying to get things right and I accept that he is sincere. He is a great parliamentarian—one day, he may even become a Back Bencher again, though that is difficult to imagine. He would be a good Back Bencher and, if he were to become one, he would not want to be hobbled by the Cromwellian commissioner that he proposes.

Mr. Garnier: I largely agree with what the right hon. Member for Rotherham (Mr. MacShane) has just said, particularly his early remarks about the haste with which the Bill has been cobbled together. As I said a moment ago, it is a bodge. Bodged Bills tend to lead to bad law and tears before bedtime. I assure you, Sir Alan, that there will be tears before bedtime if the measure gets on to the statute book as it is drafted.

I want to say something nice about the Secretary of State for Justice. I hope that it will not accelerate his return to the Back Benches—I said that with my fingers crossed. The Government's Lord Chancellors have appointed members of the judiciary, and not one can be accused of being a political creature. That applies to the current Lord Chancellor and his predecessors as Labour Lord Chancellors. They have performed their functions as party politicians who happen to be Lord Chancellor in an exemplary fashion when making appointments to the judiciary. They even managed to do that with the appointment of a former Labour Solicitor-General, who is now a member of the High Court bench. He performs his judicial functions entirely properly and utterly separately from any previous political allegiance that he may have had.

6.30 pm

That said, however, it is fair to say that it would in theory be possible for a Speaker, advised by the Independent Parliamentary Standards Authority, to appoint somebody as the Commissioner for Parliamentary Investigations who could carry out his functions in an entirely dispassionate and disinterested way. However, my concern is not so much about the actuality, but about the appearance, because we will not get the confidence of the British public—and certainly not in the current book-burning storm that we seem to be facing—if they think that there has been a parliamentary stitch-up. I happen to think that Parliament ought to be big enough and self-confident enough to manage its own affairs and to discipline its malefactors, as we have done in the past, without feeling ashamed. However, I suspect that the political climate is rather different now and that we now have to have a Bill such as this one. However, if we are

to have such a Bill, let us get it right instead of rushing it through and making mistakes that are either unforeseen or foreseeable, but which are none the less mistakes.

The Justice Secretary is trying to persuade us that it is important for the independent fees office, as described by my hon. Friend the Member for Gainsborough (Mr. Leigh), to be disciplined—or governed or looked after—by an independent functionary. Yet we also see, and not just in schedule 2, which we are discussing, but in other parts of the Bill, various references—*[Interruption]*—including 20 references to the powers of the Speaker to do things, as my hon. Friend the Member for Chichester (Mr. Tyrie) reminds me. We are persuading ourselves that the machinery that the Bill creates is one of independence. However, every time one looks at a clause or a subsection, one sees that the Bill does not produce machinery that is independent of the House of Commons or Parliament, still less of the Executive; rather, it produces one that remains in their grip. I happen to think that that is not necessarily a bad thing, but it is no good for the Government to proclaim that the Bill sets up an independent machinery when we see the fingerprints of the Speaker's office and the Executive on more or less every clause.

Mr. Hogg: When my hon. and learned Friend says that the machinery is in the grip of Parliament, what I think he means to say is that it is in the grip of the Executive, and that is what is truly dangerous.

Mr. Garnier: I agree. It has long been my view that while we have an Executive who sit in Parliament, they should not sit on Parliament. We have become too supine as Members of Parliament. I hope that, in recognising the public anger about expenses and so forth, we will none the less remember that we were elected to represent our constituents in a self-confident and independent way, and not to be bullied by either the Executive or other outside interests that wish to knock us off our stride.

Of course Members of Parliament make mistakes. Some may have committed serious mistakes and will have to answer to the law for them. However, I cannot understand an argument that says that we are setting up an independent machinery when one sees, for example, references to the Speaker in paragraphs 1(2), (3) and (4) of schedule 2, references to the Independent Parliamentary Standards Authority, which is made up of Members of Parliament, or references in paragraph 4 of schedule 2 to the removal of the Commissioner for Parliamentary Investigations being brought about only on a motion put down by the Leader of the Commons—Hon. Members: They've conceded that.

Mr. Straw *indicated assent.*

Mr. Garnier: Well, I am delighted to hear that, because—*[Interruption.]* I am so grateful for the attendance of that person over there, whoever he is. None the less, my point in relation to those other aspects of schedule 2 remains. I apologise if I misunderstood the nature of the amendments of my right hon. Friend the Member for North-West Hampshire (Sir George Young) in relation to the motion made by the Leader of the House, but that function will now be performed by the Speaker—is that right?

Sir George Young: I have no idea.

Mr. Garnier: Well, there we are—it appears that none of us has an idea, but perhaps we ought to. I return to what the right hon. Member for Rotherham said at the beginning of his remarks. If we rush the Bill through without having thought about it thoroughly, we will end up disappointing not only ourselves, but those outside.

Sir George Young: Having listened to this debate on schedule 2, I think that we are clearly on a journey with the destination unknown. Where we are now is that we have a one-stop shop. We have one Parliamentary Commissioner for Standards, one code of conduct and one route for complaints. The original proposition from the Prime Minister was for the whole thing—finance and non-finance—to be contracted out to an outside body. That proposition met with criticism, for all the reasons that the Secretary of State knows, so it has now been divided into two aspects: financial and non-financial. The finance bit goes out to IPSA, which will be subject to the new commissioner. However, a bit of the code remains with the House of Commons and the Parliamentary Commissioner for Standards.

In his remarks, the Secretary of State helpfully pointed to some provisions in clause 11 that enable us to move on from what we all regard as a rather unsatisfactory position, with two routes for complaints. If the Bill goes through, the commissioner whom we are discussing under schedule 2 could, if everybody agreed, perform the function of dealing with non-financial complaints and reporting not to IPSA, but straight to the Standards and Privileges Committee. If we ended up at that destination, we would have one commissioner who would perform two functions. In other words, there would be a one-stop shop.

There would still be some untidiness, however, in that the rules for one route of complaints might be different from those for another route, and the destination might be different. However, if we end up there, it would be helpful to have some consultation about that at some point, because there are people involved. It would also help to have a time scale. How long will we have two Parliamentary Commissioners for Standards running alongside each other, one reporting to us and the other reporting to IPSA? I have no difficulty with schedule 2, but there is a residual untidiness, although there are also some possible solutions, which the legislation may facilitate.

Mr. Grieve: I should make it clear—I might not have done this earlier—that I can see that there might be some merit in having the commissioner for investigations performing the role of the Parliamentary Commissioner for Standards. Indeed, there has been criticism in the past about the extent to which parliamentary commissioners have been subject to improper pressure from within this House, and that proposal might help to resolve that problem. However, is not the nub of the issue that if we are to have that conjoined role, the powers of enforcement in clause 8 and the relationship of the commissioner vis-à-vis the Standards and Privileges Committee will have to be identical? Otherwise, we will start running into some very difficult areas indeed.

Sir George Young: My hon. and learned Friend is quite right, which underlines the need for some serious consultation if we are to come up with a solution that meets all the points that have been raised, including his

[Sir George Young]

concerns and mine about exposing those decisions that currently rest with the House to review in the courts, which is not something that I would wish for.

Sir Patrick Cormack: Does that point not underline the good sense of taking time in the other place to get the Bill absolutely right?

Sir George Young: I agree with my hon. Friend.

We have had a useful debate that has outlined some potential solutions, albeit ones that have ramifications that need to be thought through. However, it was helpful to hear from the Secretary of State that he is not unfamiliar with the issues raised by the approach adopted by the Government. I hope that he will be sympathetic to some of the solutions that have been explored.

Mr. Straw: This has been a useful debate, and I should like to respond to it, if I may. My right hon. Friend the Member for Rotherham (Mr. MacShane) talked about a Cromwellian commission, and I understand his anxiety, which is shared across the House, that we might lurch from a system of inadequate regulation—which has exposed the reputation of the House and of the vast majority of honourable and honest Members to being besmirched—to the other extreme of over-regulation. Parenthetically, may I add that my right hon. and learned Friend the Leader of the House and I also understand the concerns about the interpretation of the guidance on so-called second incomes?

May I say to my right hon. Friend the Member for Rotherham that the rules or code that the commissioner would be hoping to enforce could come into effect only by approval of the House on an affirmative vote? The authority will propose the rules or code, but clause 5(6) is absolutely explicit:

"The rules (or revision) do not come into effect until they are approved by a resolution of the House of Commons."

Mr. Hogg: My reading of that—in accordance with the ordinary procedures on affirmative resolutions—is that the House would have no power to amend. Indeed, once the rules were in place, I do not think that the House would have any power to revoke them.

Mr. Straw: It is certainly the case, as with any affirmative resolution, that the rules would be either accepted or rejected. However, there would be a process of consultation beforehand. I give notice to the House that, when we reach clause 5, I will accept amendments to subsection (4) to extend the list of those who have to be consulted. There will be an iterative process between the authority and the House. In any event, if 95 per cent. of the proposals are acceptable and 5 per cent. are not, it will be for the House to decide.

Mr. Hogg: Once the rules are in place, who will be able to get rid of them? Will it be only IPSA, or will the House also be able to do so?

Mr. Straw: The right hon. and learned Gentleman raises an interesting point. Under the structure of the Bill at the moment, only IPSA could do so, but I will take the matter away. I had not thought of this before, but there might need to be provision in the Bill for the rules periodically to be reviewed and voted on by the House. I will take that matter away; it is an important point.

The hon. and learned Member for Harborough (Mr. Garnier) raised several points. We have talked about whether it would be possible to appoint people who are independent and capable of exercising authority over us when we ourselves make the appointments. I think that that is possible. The hon. and learned Gentleman was complimentary about the way in which my predecessors as Lord Chancellor and I have supervised the system of judicial appointments, and I think that we can achieve the appointments in question because we have experience of doing so. I must also tell him that the Executive's fingerprints are nowhere to be found on the scheme proposed in the Bill. It is true that they were, in some of the earlier drafts, but we made sure that they were removed.

I shall turn to the very helpful points raised by the right hon. Member for North-West Hampshire (Sir George Young). Clause 11 was drafted in response to points that he made in the cross-party talks. If it is the wish of the House, we could double-hat the commissioner. One person could perform two sets of parallel functions. Once the House has approved the scheme and the Bill, I undertake to ensure that detailed consultations are entered into on how we might achieve that.

6.45 pm

I acknowledge, in relation to the staff in the Fees Office and to the commissioner and the staff who will work alongside the commissioner, that we are dealing with individual human beings who have been doing the best job they can. Personally, I have very high regard for Mr. John Lyon, who worked with me as an official in the Home Office and in the Ministry of Justice before he came here.

Clause 8(6), which we will come to tomorrow, contains a provision for a protocol setting out the interrelationships between the authority, the commissioner, the Committee on Standards and Privileges and—in respect of criminal prosecutions—the Director of Public Prosecutions and the Metropolitan Police Commissioner. We have included the provision as a result of discussions in the cross-party group to ensure that there were clear dividing lines—in the best sense of the term—between the different functions.

Amendment made: 55, in schedule 2, page 18, line 15, leave out sub-paragraph (3).—*(Mr. Heathcoat-Amory.)*

Schedule 2, as amended, agreed to.

Schedule 3

SPEAKER'S COMMITTEE FOR THE INDEPENDENT PARLIAMENTARY STANDARDS AUTHORITY

Question proposed, That the schedule be the Third schedule to the Bill.

Mr. Hogg: I indicated in the previous debate that I would like to have a short debate on schedule 3. The composition of the Speaker's Committee for IPSA is obviously a matter of some importance, because the committee will be consulted on a number of significant issues and policies. One is therefore entitled to look at its composition. Of course it will have among its members Mr. Speaker, which is a very good thing, but it will also have the Leader of the House of Commons. One has to recognise that the Leaders of the House of Commons are not infrequently extremely partisan. They used not to be, when I first came into the House, but increasingly, instead of being representatives of the House of Commons as they used to be, they have become very partisan.

I notice that there will be no ex officio members of the committee, other than my right hon. Friend the Member for North-West Hampshire (Sir George Young), who at the moment chairs the Committee on Standards and Privileges; I am pleased that that post has been recognised in this regard. I would like there to be a nominated representative from the other political parties. I see considerable merit in the shadow Leader of the House or the spokesman for the Liberal Democrats or another minority party being an ex officio member of the committee. In that way, one could be reasonably sure that the views of the House would be fairly represented in the committee.

It is true that paragraph 1(d) provides for

"five members of the House of Commons who are not Ministers"

to be among the membership, but, as I have repeatedly pointed out, the Whips often control the votes. The Executive, through their Whips, could thus fashion the composition of the committee. I do not want that. I do not trust the Executive. Over the past 12 years, we have seen the power of the Executive over this House increase, and right hon. and hon. Members should do their utmost to prevent any more erosion. This is part of the process. When the composition of the committee is considered further in another place, serious thought should be given to the appointment of Members who represent other parties, who should sit on the committee by right. In that way, the Executive would not be able to fashion the committee through the Whips Office, because that would be an erosion of parliamentary sovereignty.

Mr. Straw: It might help if I explain the basis on which we propose the Speaker's Committee. We took into consideration the parallel experience of the Speaker's Committee on the Electoral Commission. I have served on that committee—as Leader of the House, I think, and certainly as Justice Secretary.

I understand the anxiety of the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) about these committees being taken over by the Executive, but the Speaker's Committee on the Electoral Commission is chaired by the hon. Member for Gosport (Sir Peter Viggers) and is operated on a very collaborative basis. If we are talking about a Public Bill Committee on a contentious piece of legislation, then, yes, of course the Whips will influence the Committee of Selection, but for this kind of Committee, the individuals selected to serve on it do so because of their commitment to this House and, in this case, to the Electoral Commission—and it has worked extremely well. I have no reason to think that that should not also be the case here.

I do not accept what the right hon. and learned Gentleman says about Leaders of the House, and I am not just speaking for myself, but for other Leaders of the House. As I have witnessed, they have stood up for the interests of the House not just here, but inside Government—repeatedly and assiduously—as well.

We are always open to suggestions for improvement, but paragraph 1 of schedule 3 provides that of eight members, only one can be a Minister of the Crown—it would be the Leader of the House. I will give further consideration to the right hon. and learned Gentleman's suggestion to have some requirement to ensure a balance between the parties.

Question put and agreed to.

Schedule 3 agreed to.

Clause 2

MPs' SALARIES

Mr. Andrew Tyrie (Chichester) (Con): I beg to move amendment 69, page 1, line 17, at end add 'of 3 July 2008.'

The amendment would take further the implementation of the recommendations of Sir John Baker. It would remove the requirement for the House to pass further resolutions in order to amend MPs' pay, which would become entirely a matter of statute. Although it incorporates the resolutions passed on 3 July 2008, I am advised that it involves no issues of retrospection. It retains the flexibility built into the Baker recommendations of a review by the Senior Salaries Review Board at the start of each Parliament.

My reason for tabling the amendment is clear enough. Along with allowances, the pay of MPs has been a source of enormous controversy almost every time the House has considered it. To the public, it looks like MPs voting themselves a pay rise from taxpayers' pockets; it looks like trotters in the trough. There is always a pressing reason, too, for the Government to wish to vary an SSRB recommendation, which can cause even more controversy and require even bigger adjustments to be made later.

That was partly why Sir John Baker was given the task of devising a system

"to make recommendations for a mechanism for independently determining the pay and pensions of MPs which does not involve MPs voting on their own pay".

His report recommended annual uprating in line with public sector average earnings, with a review by the SSRB each Parliament, but that still left the difficulty of the need for a resolution of the House and the scope for Parliament to vary its conclusions in it.

The intention of the provision is to remove that scope. In doing so, it seeks to fulfil the policy objective of the democracy task force, chaired by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), in which my right hon. Friend the Member for North-West Hampshire (Sir George Young) was also involved, which concluded that pay awards should be placed in the hands of an independent body by statute.

It is curious—it can be a product only of the undue haste that comes when a Government convince themselves that they need what they have described as "emergency legislation"—that the Bill does not already contain a provision of this type. It is particularly odd that clause 2 perpetuates the setting of pay by resolution, when it has so manifestly caused so much difficulty for everybody in the past.

Even so, it is not primarily to avoid controversy that I feel that the amendment is necessary. It is necessary primarily because, as I suggested a few moments ago, the current arrangements are still wrong in principle: nobody should set their own pay—not even MPs, and the public might say especially MPs. I think that the public are right about that. Other democracies have addressed this issue and mostly have put it right by removing the right of MPs, or their elected representatives, to set their own pay. An appendix to the Baker review sets out a wide range of other countries that have taken steps similar to what I am suggesting today.

[Mr. Andrew Tyrie]

Neither does the amendment represent an effort to secure increases in pay by the back door. I am not a supporter of a sharp pay adjustment for MPs; I think that there is a vocational element to the job, which should be reflected in the pay that we receive. If one takes that view, however, it also means that the full costs borne by MPs in the performance of their duties should be met by allowances, however unpopular that may be to the public. That is why Sir Christopher Kelly's investigation will be so important and why the way in which he presents his report, however difficult, will be crucial for the future of the allowances system.

This is emergency legislation and it, including the amendment, will need to be reviewed. I think that that will be best done by a sunset clause, which I have not yet had an opportunity to table, but I hope will be tabled in the other place—*[Interruption.]* I am pleased to hear that a sunset clause has been tabled by my colleagues. The arrangements in my small amendment would be able to be reviewed on that basis, prior to the expiry of the sunset clause.

I believe that a review will eventually be needed for a number of reasons. I have already alluded to the first—that the amendment will need to be considered in the light of Sir Christopher Kelly's recommendations. Secondly, the weighted index built into the Baker proposal may, for some unforeseen reason, become distorted. That has happened in the past, which has required making changes to indexation.

Thirdly, pensions are not fully dealt with by Sir John Baker, on his own admission, and we would be incorporating what he has said on pensions. As it happens, I have long favoured an end to the final salary scheme for MPs, starting with new entrants, and its replacement by a defined contribution scheme. In view of what is happening in the private sector right across the country, I believe that that is the only way forward.

Fourthly, I am not absolutely sure that the indexation scheme being proposed by Sir John Baker as the basis for law by resolution is necessarily the best one. I would have favoured UK average earnings rather than public sector earnings as the basis, which would include the private sector. With a linkage to public sector earnings, it could be argued that MPs would receive disproportionate protection in a downswing, as now. Vice versa, of course, we would benefit disproportionately when UK Inc. is doing particularly well. These are all issues to which we can return when the sunset clause, which I hope is built into the Bill, takes effect.

My final reason for suggesting an eventual review is that even if this amendment were made, there would still be some discretion left to Parliament through the vote on estimates. The only technical way of removing pay completely from the grasp of the House of Commons would be to pay MPs from the Consolidated Fund in the same way as the Speaker or judges, for example, are paid. The Government would then be unable to control the remuneration through votes on estimates, but that is a bigger issue and is not for now; it can be clarified as part of a later review.

In the meantime, the amendment will do at least something to restore public trust by removing the opportunity for MPs to vote on their pay, which is, along with allowances, one of the big issues that have triggered a sense of loss of trust between MPs and the people who put us here. The amendment would ensure that pay is dealt with in accordance with the spirit of Sir John's recommendations and with the intentions of the Government as set out yesterday, with those of the democracy task force, on which I served, and also with the wishes of my own Front-Bench team. I very much hope that the Government will feel able to support the amendment.

7 pm

Alan Duncan: I commend my hon. Friend the Member for Chichester (Mr. Tyrie) on tabling the amendment. It has considerable merit, being both ingenious and uncontentious. It contains a lot of sense and I hope that the Government will see fit to accept it.

The purpose of the Bill is to set up an independent Fees Office designed to administer and set allowances. In its current proposed form, it is designed to administer—that is to say, pay—salaries. In the long term, we want to ensure that everything that is paid to Members of Parliament, be it pensions, salary or allowances, is determined by an outside body rather than by ourselves. As the Bill stands, it goes only some way towards doing that, but the amendment would take us a marginal step further in the direction of having an outside body determine our salary. Crucially—and sensibly, at this awkward time—as well as removing Members from the process, it would prevent the Executive from inevitably attempting to intervene to reject the recommendation of the SSRB or to amend it. As such, it would introduce a measure of automaticity into the way in which our pay is adjusted and prevent the contentious political shenanigans that bedevil this issue.

The two resolutions in question are the one that was passed on 3 July last year and the accompanying money resolution. The amendment would entrench the adjudication of any increases that follow. It would link our pay to a package of comparators, including public service workers—in the NHS, school teachers, the armed forces and the civil service, including HMRC—and it would also introduce an annual review. In making that link, it would not only remove many of the contentious arguments about how much we should be paid, but prevent the political intervention that normally follows.

We should be realistic and accept that the regime set up by the amendment would be an interim measure. The Bill does not allow for the external assessment and setting of our pay, so the amendment would be in place until the primary legislation was amended. If in future we were to bolt on to this Bill a broader responsibility to consider the entire pay and rations of Members of Parliament, and potentially Ministers, this interim regime would be replaced by giving IPSA responsibility for setting our pay, allowances and pension.

The amendment would set up an effective, depoliticising and interim regime that would do much to improve the basis on which our pay is set, and as such it is entirely in the spirit of the Bill. I urge the Committee to support the amendment.

Mr. Shepherd: My hon. Friend the Member for Rutland and Melton (Alan Duncan) used the word "automaticity" about our pay: I take an entirely different view, of course. It has been a historic function of a self-governing Parliament to set its own pay and be responsible and

accountable to those who send us here. I remember the voices of Enoch Powell and Michael Foot arguing that very point: what we do will ultimately always be judged by the electorate. We should not have some independent outside authority setting our pay.

We have had many comparators over the year, and we know who they are. It is true that the Government, in the exigencies of the economic situation, say that it is not an appropriate time to increase pay, but in my mixed constituency—it is not a wealthy one—the amount that we currently receive is not greatly challenged. The whole point of the Bill is to address those issues that are seriously challenged—the construction of an expenses system that was beyond the understanding of most of us who have been here for 30 years. We had no idea that furniture could be bought—that had been added on to the system.

The amendment would turn away from something very fundamental to the purpose of this House. We are the central authority and the representatives of the people. That is why we have the concept of the sovereignty of Parliament. In all my years here, I have argued that the sovereignty of Parliament is a shorthand for the sovereignty of the people. We have become some sort of sleek agency that outsources and has specialists coming in to tell us what is appropriate. At the end of the day, the House can still vote down all the recommendations that are put to it. If it does so at the behest of the Government Whips, that is a matter of judgment.

My hon. Friend the Member for North Essex (Mr. Jenkin) yesterday made reference to the American system, which experiences the same difficulties. In the US, they have an even greater impediment than we do. As I understand it, the salaries of federal employees cannot be greater than those of the elected representatives. If we put our salaries up to £120,000, we would fear a revolt in the homelands, because people would think that that was excessive. We tend, therefore, to be very timorous, and that is the dilemma that elected members in the US faced. They could not hire people to work in the federal service because they had so suppressed their own wages. That happened under Reagan, and eventually something had to be done about the representatives' salaries. After investigation and adjudication, they came to the conclusion that they should not set the rate for themselves, but set it at the end of a session. So in this country we would set the rate at the end of a Parliament not for the existing Members, but for those who form the next Parliament. Some of those who set that pay would stand at the election, and would therefore face the critical judgment of the electors as to whether the rate was excessive.

We should not be swept away by fads or crazes, or set every quango in existence over us. We are representative of something far greater than ourselves. This is Parliament. It is 800 years old. It came about because we were trying to restrain the authority of the monarch. Now we want to make this place subservient again. It is suggested that we would be better validated if a quango authorised our affairs. No: we should take the responsibility. We should face our electorate, and I suggest that it should be done at the end of a Parliament in order to benefit the next Parliament. That is why there is not universal consensus on my hon. Friend's proposal. The automat—I cannot even say it; it sounds like a launderette—the automaticity is ghastly.

Alan Duncan: It is fantastic.

Mr. Shepherd: My hon. Friend says that it is fantastic. That tells us what is happening to Front Benchers.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): As a Front Bencher, I am now not sure whether I want to speak after all.

The hon. Member for Aldridge-Brownhills (Mr. Shepherd) gave a passionate exposition of the sovereignty of Parliament, but nothing in the amendment alters that. Given that Parliament can pass statute, the statute that we are attempting to pass tonight can be revisited by Parliament at any time, and given that we have that sovereignty, we can decide that it is in the current interests of Parliament and the body politic for the judgment to be passed to an external authority to be implemented by that external authority. We are perfectly entitled to make that decision and, because we have sovereignty, to do it in the way that has been proposed.

I believe that the amendment builds on the public trust that is being sought through the creation of an agency to deal with our expenses and allowances, and given that salaries are so intertwined with expenses and allowances, it seems to me to be an important step forward. The hon. Member for Chichester (Mr. Tyrie) pointed out that there would subsequently be a sunset clause debate, which means that it will be possible to revisit any imperfections in any of the legislation that is being rushed through now if the Government accept the sunset clause. However, I think that at this stage we should focus on the financial aspects of the Bill, and that the Government should respond positively to the amendment.

Mark Durkan (Foyle) (SDLP): I was impressed, to a degree, by some of the arguments presented by the hon. Member for Chichester (Mr. Tyrie), but I am not fully persuaded that we should tie the reference in clause 2(1) to a single set of resolutions of the House. After all, a number of Members who seem to support the amendment said earlier that part of their problem with the Bill was that it would pre-empt the Kelly review. Many said that Kelly would examine issues much wider than the issue of the allowances scheme. It is true that some of the questions that Kelly has asked and some of the answers that have been submitted touch on considerations relating to such matters as salaries, and on how there might be a recalibration between the two.

Mr. Tyrie: May I point out to the hon. Gentleman that pay is specifically excluded from the terms of reference set by Sir Christopher Kelly for his review?

Mark Durkan: Pay, in terms of salary, is excluded, but treatment of some of the issues is not. We need only examine some of the submissions to Kelly to see that there have been suggestions that the way in which some matters are treated should be recalibrated, whether they are treated as being presumed to have been built into and covered by salaries or by allowances. For instance, a number of the submissions have touched on whether there should be a subsistence allowance. Some people say that salaries should be reviewed to ensure that such costs are taken fully into account. Some have even suggested that second homes should be presumed to be covered by salaries rather than allowances, and that salaries should be reviewed accordingly.

[Mark Durkan]

If, as some have said, Kelly should be allowed to return to look at the whole picture, we cannot have it both ways. We cannot say that we cannot tie ourselves or Kelly in the Bill. My fear is that, while the amendment might not tie Kelly, it might tie us in the future, and that we may be freer without it.

Alan Duncan: May I respectfully point out that even if Sir Christopher Kelly and his committee made recommendations about salaries, the Bill in its present form would not give IPSA the power to do anything about them? The amendment would provide an anchor, or foundation, for the salary issue, on which Sir Christopher Kelly's recommendations on allowances could fit, along with the recommendations of the Senior Salaries Review Body. If we needed to do anything about salaries in the future, there would need to be an amendment to this primary legislation in any event, which could amend my hon. Friend's proposal and do something about salaries at the same time.

7.15 pm

Mark Durkan: But that would mean our agreeing that the legislation was purely temporary. I know that some have favoured a sunset clause elsewhere in the Bill, but I do not think it necessary for us to be confined in this part to a single day's resolutions rather than being covered by

"relevant resolutions of the House".

We could automatically create a situation in which we would be required to re-legislate in circumstances in which we could pass future resolutions that could take care of themselves in a fairly mature way without having to amend the Bill. One of the aims of the amendment is to make us revisit the legislation by way of more amendments than I think would be appropriate. If we are saying that we want, by virtue of the Bill and other measures, to reach a point at which we no longer spend so much time determining, deciding, debating and legislating in respect of our own salaries, why table an amendment that forces us to legislate again on the very issue of pay?

The Parliamentary Secretary, Office of the Leader of the House of Commons (Barbara Keeley): My hon. Friend the Member for Foyle (Mark Durkan) has already put very well the point that I want to make. We should not pre-empt the Kelly review, we should not tie the issue of pay to a single set of resolutions of the House, and we should not agree to what we see as temporary legislation in circumstances in which we can forge for the future.

Mr. Tyrie: The Minister seems to be ignorant of the fact that pay is not part of the Kelly review. Also, she seems to have forgotten that her own Secretary of State has described this as emergency legislation, which by definition is generally considered to be temporary and something to which we return in due course.

Barbara Keeley: I can tell the hon. Gentleman at the outset that we will not be accepting his amendment.

The amendment limits IPSA's power to pay Members' salaries set in accordance with the resolutions passed by the House last July, which set out the formula whereby the SSRB was to calculate the annual change in our salaries. That would mean that if in the coming months we decided to adopt new resolutions—which, given what has been said in the debate on the amendment, we may find ourselves doing—or a new way of calculating Members' salaries, IPSA would have to cease to be the payment authority. My hon. Friend the Member for Foyle made that point. As a result, it would be necessary to pass new legislation—for which some Members seem to be setting us up—to enable IPSA to pay salaries under the new regime, or to set up a new payment system within the House. That is a complicated set of options, and by that point the House might no longer have access to funds with which to make the payments.

If Members propose to ensure that the House does not seek to resile from the resolution of last July allowing our salaries to be set automatically—and there has been much discussion of the automatic nature of the current mechanism—I suggest that it would not have that effect. The amendment would not bind the House; it would only bind IPSA. It would lead to chaos and confusion—which, of course, may be the intention in some cases—if the House ever were to change its arrangements, and I urge the hon. Member for Chichester (Mr. Tyrie) to withdraw the amendment.

Mr. Tyrie: I wish to press the amendment to a Division.

Question put, That the amendment be made:—

The Committee divided: Ayes 189, Noes 295.

Division No. 169] **[7.19 pm**

AYES

Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davis, rh David
Djanogly, Mr. Jonathan
Dorries, Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul

Horam, Mr. John
Horwood, Martin
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Penning, Mike
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Jeremy Wright and James Duddridge

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ilsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Love, Mr. Andrew

Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Mason, John
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Shepherd, Mr. Richard
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mr. Frank Roy and
Mrs. Sharon Hodgson

Question accordingly negatived.

Clause 2 ordered to stand part of the Bill.

Clause 3

MPs' ALLOWANCES SCHEME

Mr. Tyrie: I beg to move amendment 68, page 2, line 11, at end insert—

'( ) the Committee on Standards in Public life'.

The Temporary Chairman: (Mr. Roger Gale) With this it will be convenient to discuss the following:

Amendment 26, page 2, line 14, at end insert—

'(ca) members of the House of Commons.'.

Amendment 71, page 2, line 15, at end insert—

'(da) HM Revenue and Customs,'.

New clause 10—*Taxation etc*—

'(1) In administering House of Commons salaries the IPSA will make arrangements for the deduction and payment of income tax and national insurance contributions and provide Members with relevant details for return purposes.

(2) In the context of administering the Members of Parliament's allowances scheme the IPSA will engage with HMRC on the appropriate tax treatment of property, items or benefits funded or part-funded by the allowances scheme and shall provide members with appropriate details for submission in their tax returns.

(3) The IPSA shall provide general guidance to Members on relevant principles and considerations of due parliamentary standards to be reflected in the preparation and submission of their tax returns, in particular as they relate to property, items or benefits funded or part-funded by the Members of Parliament's allowances scheme and such other costs as may be presented as work-related expenses in connection with their role as a Member of Parliament.

(4) The IPSA shall consult with HMRC in preparing and revising the guidance referred to in subsection (3).

Mr. Tyrie: This relatively small amendment is significant, because it would add the Committee on Standards in Public Life to the list of people and bodies that IPSA would have a statutory duty to consult when preparing or revising the MPs' allowances scheme.

I find it astonishing that the Government could have drawn up a long and apparently comprehensive list of people to consult, which includes the Leader of the House, the Speaker, any Committee of the House of Commons, the Senior Salaries Review Body and the Treasury, yet succeeded in excluding the one body and the one person to have been specifically charged by the Prime Minister with examining the issue.

The revision of the scheme may well be necessary in the light of the recommendations of Sir Christopher Kelly. It is simply not true to say that his group is looking just at the content of the allowances, as the Secretary of State suggested earlier today—I believe he did so yesterday too. The group is not engaged in a study with the intention merely of making recommendations that can be slotted into the Bill afterwards; it is looking widely at allowances, including the structure of allowances and the compliance structure that lies behind them, as I found out when I gave oral evidence to it the week before last.

The absence of any reference to the Committee on Standards in Public Life in this clause—indeed, there is almost no reference to it in the entire Bill—raises the possibility that IPSA could, although I do not think that it would, ignore Sir Christopher's recommendations.

We could find ourselves in the crazy position where all the parties are falling over themselves to say that they agree with his recommendations, but because of how the Bill is drafted IPSA could then completely ignore the political parties and those recommendations, and do something completely different. I am confident that nothing in the Bill would prevent such a situation—even my amendment would not. However, my amendment would at least require IPSA to consult Sir Christopher Kelly before coming to its conclusions, which is why it is an essential minimum that we should add to this Bill in order to ensure that his recommendations are given proper consideration. I very much hope that the Government will be able to agree to the amendment.

Mr. Grieve: I welcome the amendment tabled by my hon. Friend, because it is entirely sensible. The Government will also see that Conservative Members have tabled amendment 26, which would provide that Members of Parliament should be consulted too. Given our number, it would be perfectly feasible for that to happen without any difficulty. A letter could go out to every Member and they could then make the relevant representations. It is not adequate that representations should simply be made by the intermediary of one or two Committees. I very much hope that the Minister will be able to respond positively to our proposal too.

I note that other proposals have been tabled to provide for the consultation of other bodies. The hon. Member for Foyle (Mark Durkan) has made those proposals. I am less certain that it is necessary to consult Her Majesty's Revenue and Customs, but he will doubtless be able to speak for himself on that, and I shall also leave him to discuss his new clause.

Mark Durkan: Obviously, I rise to speak to amendment 71 and new clause 10, which are tabled in my name. I begin by noting and accepting the strong case that has been made for amendment 68. The House would reject it at the risk of creating a very serious misunderstanding and misapprehension. If we were not to include the Committee on Standards in Public Life in this statutory consultation list at a time when that Committee is carrying out work on this issue and is conducting hearings—indeed, it is to take evidence in Belfast tomorrow—that would send out the signal that we were legislating in deliberate disregard of the important work of that Committee. I therefore believe that we would be wise to accept the sensible amendment tabled by the hon. Member for Chichester (Mr. Tyrie).

On amendment 26, I am less convinced about insisting on statutory consultation with all Members of Parliament, because that would take us back in another direction. Clearly, other interests who have responsibilities in this House and have regard to the needs, circumstances and rights of people in it are factored into this consultation, so I am unsure whether it needs to be extended to all Members.

On amendment 71, the reason I believe HMRC needs to be specifically included in the list is because the Treasury is included and it is, thus, easy for people to misunderstand things and believe that their only reason for consulting the Treasury might be to consider what the tax treatment implications would be of different allowances—either those that exist or new allowances that might be created in future. Obviously as Governments change the rules on the treatment of benefits in kind and various other work-related benefits and subsidies, issues will arise from time to time. Those matters are best addressed by the authority speaking directly to the independent professional people who are handling and interpreting those issues, namely Her Majesty's Revenue and Customs. So, if the authority proposes significantly to change the allowance system, create some new allowances or insist that certain allowances should be available for particular purposes on the basis of particular entitlements, it is right that due consideration and due regard should be given in advance of any possible unforeseen tax implications. Similarly, as the tax rules change—as approved by this House and tabled by Government—it would be necessary from time to time for the authority to liaise with and talk to HMRC to see whether the changes affect how parliamentary allowances are treated. It seems to me to be sensible and proper that we should do that.

New clause 10 has been tabled because, at the minute, the Bill would have the new Independent Parliamentary Standards Authority see nothing, say nothing and consider nothing in relation to taxation and parliamentary standards. If we are saying that one reason that the Bill is necessary is the concern and consternation that has been raised by the recent revelations, we have to remember that that concern and consternation does not relate solely to the issue of allowances and expenses. It also relates, very substantially, to the whole question of MPs' attitudes to tax returns.

The whole question of flipping, as it is called, is not just a matter of people using the designation of a property to draw down expenses in respect of one property and then to do so in respect of another. Flipping goes to the heart of the question of capital gains tax, and of people being able to avoid capital gains tax in a way that has scandalised some but that was obviously within the rules and was the approach that was advised by people in the Revenue at the time as well as by others.

Mr. Grieve: I interrupt the hon. Gentleman because although I appreciate what he is trying to do—indeed, it might be the right thing to do—the difficulty is that, as I understand it, the Revenue might take a completely different view of matters from the morality view. It is indeed right that that might have got MPs into terrible trouble, and some MPs have repaid—or tried to repay—sums to the Revenue. I am not sure whether they have been able to do that successfully, unless they have improperly withheld tax. It does not seem to me to be the role of the Revenue to conform its rules to those that the House might wish to impose on its Members. I wonder whether this might create a bigger muddle than the one we have at present.

Mark Durkan: Nothing in new clause 10 imposes any duty on HMRC. It is not obliged to conform to anything. Amendment 71 would require consultation between the authority and HMRC so that it can draw up its schemes in the light of what HMRC has said will be the likely treatment of any benefits, or that will be the new treatment under new tax rules as they come in.

The purpose of each proposed subsection in new clause 10 is fairly straightforward. Proposed new subsection (1) will specifically ensure that we recognise

[Mark Durkan]

that the authority will be handling the issue of salaries and that, in doing so, it will be making the deductions and payments for tax, national insurance and so on. That will avoid any doubt that we are talking about the authority's having an overseeing role and that some of the pay functions will be held residually in the Fees Office or elsewhere. It is to make it clear that it is the total function—

Mr. Grieve: I appreciate that point, and I hope that it would have to follow automatically that IPSA did that. However, in proposed new subsection (3), the hon. Gentleman wants IPSA to

"provide general guidance to Members on relevant principles and considerations of due parliamentary standards to be reflected in the preparation and submission of their tax returns, in particular as they relate to property, items or benefits funded or part-funded by the Members of Parliament's allowances".

That is where I think that a much greater difficulty arises. It seems to me to be turning IPSA into one's accountant, and I am not sure that that is the right role to request of it. IPSA will be placed in a difficult situation when it comes to the question whether it is there to advise MPs on how they should best go about their taxation business to minimise tax or to advise them on the standards of morality that should apply to their tax returns. Those are two rather different things.

7.45 pm

Mark Durkan: I think that the hon. and learned Gentleman may be persuaded that it is very clear that the latter would be the role of IPSA.

The hon. and learned Gentleman referred to proposed new subsection (3). I turn now to proposed new subsection (2). It provides for the fact that IPSA will engage with the Revenue commissioners on the tax treatment of property and benefits that are funded or part-funded by the allowances scheme. It will provide details to Members for the purpose of their tax returns, which is a follow-on and consequential amendment. Yes, we might have all assumed it, but in these circumstances, and as some people seemed to be suggesting earlier that the function in relation to the salary might not rest with IPSA, I believe that it is important to put proposed new subsections (1) and (2) on the face of the Bill for clarity. That would ensure, first, that IPSA would do the pay-as-you-earn and national insurance deductions and would pay them over, and, secondly, that Members would be provided with the basic tax information they needed for their salary and on any allowances they received.

Sir Robert Smith: On proposed new subsection (2), it seems to be good employment practice for someone who is providing allowances to ensure that the Member—or employee in any situation—is provided with accurate and effective information on which to make their tax return.

Mark Durkan: Yes, absolutely. Many Members have been criticised and challenged for the way in which they were relying on the obscurity of the system, the failures in administration, and so on. We need to be upfront and explicit so that we are clear where things lie in future.

In proposed new subsection (3), I am saying that, given that the authority's role is in parliamentary standards, it should provide general guidance to Members. I am not saying that it should be responsible for the tax returns or for all kinds of advice, but that it should provide general guidance to Members on relevant principles and considerations of due parliamentary standards to be reflected in the preparation and submission of their tax returns

"in particular as they relate to property, items or benefits funded or part-funded by the Members of Parliament's allowances."

Such guidance should also be provided in relation to

"such other costs as may be presented as work-related expenses"—

in a tax return—

"in connection with their role as a Member of Parliament."

I have included that provision because it has been revealed in recent times that a number of Members used their allowances, apparently wrongly, to get assistance and advice on tax returns that dealt with some of the particular requirements of being a Member of Parliament. Indeed, it seems that some people were passing around the cards of people who could give bespoke advice—whether they were qualified or not, I am not sure, but they were able to give bespoke advice on tax returns and so on. It seems to me that there is something missing when we do not have a source of general guidance available to us in that regard.

It is important that we should recognise that the authority is not just there to police and investigate what Members do, but to support us in our efforts to do the right thing by way of due parliamentary standards, and we should make it very clear that the authority will provide appropriate guidance to us on such matters. The situation changes from time to time, and Members can be caught offside because of rule changes that they do not appreciate—many such things have been referred to—and it is important to ensure that the authority's role includes providing that guidance. To leave it with a "pounce and bounce" role towards any Member whenever it feels like it or when some member of the public feels like it seems to me to be odd.

We have to recognise that the taxation issue is a matter of concern. It will probably be the next big focal point. We know that there is a big issue about second jobs and the questions of what needs to be declared in relation to them, but taxation will be another big focal point and challenge. We need to make sure that the authority that we are setting up responds to the concerns and the sense of scandal that people feel. The public have an image of the House as being like a good ship "Lollipop" moored on the Thames, where we all do what we want and try to get what we can. It is important that people do not see us follow cleaning up the allowance system with cleaning up on the tax system, and they must not perceive that we have unclear rules and no clear guidance on tax. If we have complained about the lack of them in the past in relation to allowances—and Members have said that they were not aware of the sensitivities involved or the possibility that claims could be held to be improper or unsuitable—we must make it very clear that the authority has a duty to provide general guidance about tax.

This House is the only place that passes the law on taxation, including on capital gains tax. We cannot afford to be casual about whether we comply with the

requirements of the tax law, or about whether those requirements go together with achieving good parliamentary standards, and that is why we should make sure that the appropriate provision is in the Bill. Yes, we are human: we know that tax laws and tax compliance can be difficult to understand and, even with the provision of general guidance, our tax returns would remain our own responsibility. We would also be responsible for the advice given by the professional advisers that we hire, but the authority's guidance role should be made clear.

The need for guidance goes beyond the treatment of items funded, in full or in part, for the purposes of CGT or any other tax. We also need it for other items that might be claimed as work-related expenses. My accountant always asks why I do not claim such items, as he says that there must be plenty of things that I could claim as work-related expenses. I do not make such claims—I am sure that others do, and probably quite legitimately—but the next false dividing line used to determine which Members claim what will be taxation. We all need the protection of good advice and guidance that are given in the light of considered parliamentary standards.

There have been stories in the media recently about some of the exotic and expensive claims that have been refused by the Fees Office. There are questions about whether some of the claims presented in tax returns and approved as work-related expenses were reasonable. If significant curbs are placed on the allowances paid to Members in future, will that force them to consider claiming work-related expenses on their tax forms? Once again, questions will arise about the propriety and consistency of that approach.

If it is left to hon. Members to take their chances in that regard, or to go with whatever advice they have been given, it will occur to a person working in the tax office—just as it did to someone in the Fees Office—that the range of practices is very wide, and that all sorts of things are being tried on. That person will then take away a disc, and in a year or two a job will be done, like the one that we have just seen in *The Daily Telegraph*, on tax matters. If we reject the new clause, or if we do not make similar provision in the Bill, we will then rush to say, "Shock! Horror! We didn't realise tax was also going to be an issue in relation to parliamentary standards", even though we have been served absolute and due notice of that.

Proposed new subsection (4) of new clause 10 would merely ensure that, when IPSA is preparing the general guidance for Members, it would consult with Revenue and Customs so that the guidance was more reliable. It would also mean that Members under pressure in years to come can say that they relied on that guidance. As a result, they will be in a much stronger position than Members who said that they relied on advice from the Fees Office about what expenses claims would be approved.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I rise to support very strongly amendment 68, in the name of the hon. Member for Chichester (Mr. Tyrie). It would strengthen the Bill immensely, and it is entirely logical that the Government should accept it. If the body being set up is charged with undertaking the work that is proposed, we must make sure that it gets the best and widest possible advice and expertise. I hope that the Government will consider the amendment very carefully.

Amendment 26 is also sensible, in that clause 3 should of course contain some reference to Members of Parliament. It would not cause any embarrassment, as Members of Parliament would merely be consultees in a list of other consultees. They may well have something useful to contribute, so excluding them from the clause is a rather strange thing to do.

The proposal in amendment 71 that HMRC should also be consulted is also very sensible, although I am not so sure about new clause 10. Our tax affairs are somewhat complicated, and the fact that Members are neither self-employed nor employed means that we are a hybrid in tax terms, but all that is clearly understood by accountants, who are properly paid for the work that they do. If we are saying, "The Revenue is bound to tell us every single thing that we should or shouldn't do," why should that not be extended to every other profession and trade?

Mark Durkan: New clause 10 and its provisions for general guidance apply only to considerations and principles relevant to parliamentary standards. It does not propose guidance on how Members can maximise claims or minimise the tax payable. Members who want that must employ their own accountants. The new clause relates only to parliamentary standards, but there are parliamentary standards issues in relation to tax.

Mr. Llwyd: Of course there are, and we have seen a few over the past few weeks and months. I accept what the hon. Gentleman says, and I think that his amendment 71 is worthy of support. I am still considering new clause 10, but that is by the by.

These amendments are useful, and the debate on them, though short, has been useful too. I hope that the Government will take note of everything that has been said.

Mr. Nicholas Soames (Mid-Sussex) (Con): In a long and highly competitive field, this is by any stretch of the imagination a very foolish Bill. That is exemplified by clause 3, and I wish to support amendment 68, moved by my hon. Friend the Member for Chichester (Mr. Tyrie), on including the Committee on Standards in Public Life in the consultation process.

Sir Christopher Kelly is a mild-mannered and sensible man, but if I were him I would be outraged that I had not been consulted by the Government. He has already started his work, but to some extent that has been negated by the introduction of this very foolish Bill, which is designed purely to show that the Prime Minister is doing something. If I were Kelly, I would be extremely angry as well that the Bill had been introduced after I had started the inquiries that the Prime Minister had asked me to undertake. Amendment 68 is absolutely essential to the Bill, and I hope that the Minister will take what steps she can to see that it is included.

Incidentally, I believe that the Government tried to consult on this matter. I was present at two pre-legislative meetings that the Minister attended, at which it was clear that the Government were trying to accept amendments and arrive at a consensus. However, to exclude the Committee on Standards in Public Life from the provisions of clause 3 is insulting and—much worse—incredibly foolish.

Sir Robert Smith: I want to reinforce the point that the Government should accept amendment 68. Clearly, the Committee on Standards in Public Life is relevant to the proposals on allowances, and it seems blindingly obvious that it should be involved.

In relation to amendment 26, the hon. Member for Foyle (Mark Durkan) said that Members should not necessarily be consulted, but I disagree. All hon. Members are here to represent their constituents, but many have different and even unique needs in terms of the allowance system. It is important that that is reflected in the introduction of the system. The system should be independent, but it should be informed by the variety in the House.

Amendment 71 makes a lot of sense. It makes sense to consult the Revenue because there is an awful lot of interaction between expenses and allowance systems and the work of the Revenue.

Under new clause 10, the hon. Member for Foyle (Mark Durkan) is trying to deal with public concern about the tax treatment of Members. I suspect that the Revenue might not want to be tied into giving advice over and above that which it gives directly through the Revenue system, so I am not sure that new clause 10 will achieve the hon. Gentleman's objectives.

8 pm

Barbara Keeley: My job is quite an easy one because we intend broadly to accept the amendments. We are discussing amendments to clause 3, which sets out the authority's duties in setting the scheme for MPs' allowances and lays an obligation on the authority to prepare a scheme, review it regularly and revise it as appropriate. The authority is obliged to consult a number of bodies about the scheme. That already includes the Leader of the House, the Speaker, any committee of the House nominated by the Speaker, the review body on senior salaries, the Treasury and others, but hon. Members have tabled some useful amendments in this short debate. I thank the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith), the hon. and learned Member for Beaconsfield (Mr. Grieve)—the shadow Justice Secretary—and the hon. Members for Chichester (Mr. Tyrie), for Foyle (Mark Durkan), for Meirionnydd Nant Conwy (Mr. Llwyd) and for Mid-Sussex (Mr. Soames) for their contributions on amendments 68, 26 and 71, which we shall be happy to accept.

The Committee on Standards in Public Life was not included in the list of consultees. It may be necessary to consult it at the moment, but it may not be in the future. It may not be looking at matters that affect IPSA. However, the hon. Member for Chichester made a good case for including that body, and we are happy to accept amendment 68.

A number of points have been made about the need to consult Members of this House, and we are prepared to accept amendment 26. What we were seeking to do in not including hon. Members in the list was to avoid burdening the consultation process and making it too lengthy, but as hon. Members have just said, there are differences between Members. London Members are different from Members in other parts of the country in terms of, for instance, their staffing allowances. So there are issues to consult Members about, and we accept that point.

It is clear that matters relating to HM Revenue and Customs have been serious issues, as the hon. Member for Foyle said, and I am sure that it would be appropriate to consult HMRC, so we shall accept amendment 71.

We accept the principle that the hon. Member for Foyle has outlined in new clause 10, but we shall need to look at the drafting so, if it is acceptable to him, we shall do that and table a similar new clause later in the proceedings.

Once IPSA has drawn up the scheme, it will be laid before the House and it will reflect the amendments.

Amendments made: 68, in clause 3, page 2, line 11, at end insert—

'( ) the Committee on Standards in Public life'. —*(Mr. Tyrie.)*

Amendment 26, page 2, line 14, at end insert—

'(ca) members of the House of Commons.'.*(Mr. Grieve.)*

Amendment 71, page 2, line 15, at end insert—

'(da) HM Revenue and Customs,'.*(Mark Durkan)*

Amendment 1, page 2, line 18, leave out 'IPSA' and insert 'Speaker'.—*(Sir George Young.)*

Mr. Heathcoat-Amory: I beg to move amendment 56, in clause 3, page 2, line 18, at end add

'and shall not come into effect until they are approved by a resolution of the House of Commons.'.

The Chairman: With this it will be convenient to discuss amendment 57, page 2, line 19, leave out from 'effect' to end of line 20 and insert

'only after the general election following the resolution of the House of Commons referred to in subsection (5).'.

Mr. Heathcoat-Amory: The amendment provides that the House should approve the allowances system that has been prepared by IPSA. It brings this aspect of the clause into line with clause 5, whereby the scheme of financial interests, and the rules governing that will be approved by the House, having been recommended by IPSA. I believe that we should do the same for the allowances system.

Of course, allowances should be administered externally. That is generally agreed. The Fees Office is too close to us and if the Bill had been all about setting up an external body to administer, judge and enforce the expenses system, there would not have been very much controversy. However, I believe that the making of the rules, which are then handed over to the external body, should be decided ultimately by the House. We should not permanently transfer to an external body the making of the rules. Obviously, we would accept recommendations. Others would design the system, but the ultimate approval should remain here so that they become our rules and it is up to us to defend them, explain them and be elected on them. I do not believe that a sovereign body should permanently and irreversibly delegate these matters to an external body of whatever kind.

Of course we all know that reform is urgently required of the entire expenses system, and that is happening. The second purpose of my amendments is to rescue the Bill from a collision between what Sir Christopher Kelly and his committee are doing and what IPSA will do. Both are bringing forward proposals on expenses and allowances. There is a much bigger collision between the Kelly committee and the Bill. In the Bill, we are

setting into statute matters that are being investigated by Sir Christopher and his committee. This was raised yesterday, and remarkably the Justice Secretary denied that there was any confusion or conflict here. He said when questioned by my hon. Friend the Member for Louth and Horncastle (Sir Peter Tapsell):

"Sir Christopher Kelly and his committee will come forward with proposals for the scheme of allowances, ... However, that is about the content of the scheme. The Bill is about the operation of the scheme".—[*Official Report*, 29 June 2009; Vol. 495, c. 50-51.]

I have to say that that is simply untrue, and the Prime Minister would agree. He made no distinction between the content and the operation of the scheme when he wrote to Sir Christopher Kelly on 23 March. He made it clear in his letter that Sir Christopher was not confined to going into and designing matters of content and detail about expenses. He wanted that Committee to look at everything. He said:

"I would welcome a review of MPs' support and remuneration, including outside interests, carried out by the Committee on Standards in Public Life as it offers the opportunity to consider the full picture. For example, you will have greater freedom to consider issues such as the impact of MPs holding second jobs and their roles outside of Parliament."

Mr. Leigh: Is there not an inconsistency in logic here? On the one hand, we are saying that we should accept whatever IPSA imposes; on the other, the Government have been careful to say that they will not necessarily accept what Kelly proposes—in other words, we will be prepared for a little bit of pain, but perhaps not too much from an external source.

Mr. Heathcoat-Amory: That is exactly the point that I am making. We may or may not accept the Kelly recommendations; we have discretion on that. However, under the terms of the Bill, we have to accept the scheme brought forward by IPSA. To conclude the point that I was making, in another letter, dated 30 March, the Prime Minister went on to repeat the point about the breadth of the Kelly inquiry:

"I am keen you should not feel bound in your discussions but free to consider a wide set of issues".

The Government could not have been clearer. The Kelly inquiry is looking into everything, including the structure of the allowances and the content of the scheme, yet we are legislating for such a scheme in the Bill.

When pressed, the Justice Secretary conceded earlier today that future legislation might be required, so this is only an interim Bill. I think that he is already retreating from his earlier remarks, if I interpret his body language rightly, but they are on the record. He must concede that there is a conflict between setting up an inquiry into everything, as required by the Prime Minister, and prejudging that inquiry in a Bill that is being rushed through the House in a week. There is nothing that I can do to rescue the Government from that collision except try to throw the Bill out, which I tried to do yesterday by voting against it.

However, through my amendment 56, I could at least prevent the House from having to accept the scheme of allowances that IPSA will bring forward under clause 3. It is required, under the Bill, to bring forward a scheme of allowances, and we do not have any say on it; we have to accept it. Again, there is a conflict between the Kelly inquiry findings, which we may or may not accept, and the terms of the Bill, which require the House to accept the scheme that IPSA must present.

I believe that the House must have the last word on such matters. That is desirable both because we are a sovereign Parliament and must decide the rules and be accountable for them, and because, as I have explained, that would give us discretion if the Kelly inquiry brought forward rules and suggestions that were incompatible with those that we have to accept from IPSA, under the Bill as drafted. That is why I ask the Government to accept amendment 56.

My second amendment, 57, proposes that any scheme of allowances that is proposed, agreed and accepted by us should come into effect only after an election. As I mentioned yesterday on Second Reading, I borrowed the idea from the 27th amendment to the United States constitution. I will not weary the Committee with a long history of that amendment; it is a very long history. It took more than 200 years for that amendment finally to be ratified. It was first proposed in the 18th century. In essence, it prevents any change from being made to the pay and compensation of Senators and Representatives until after the next election. "Compensation" is the word used in the amendment to the constitution; it chiefly refers, I think, to salary, but its meaning could easily be extended to cover allowances and expenses. The amendment to the constitution requires that any such change should take effect only after the next intervening election.

I think that we could adopt a similar system here. It would counter the charge that we are setting our own pay and allowances. As I have explained, I believe that the House ought to set such matters. A sovereign body should not transfer those matters to any other body. Under my amendment, we would not set pay and allowances for this Parliament and for ourselves; the change would take effect only after an election—after the implied endorsement of the electorate.

8.15 pm

Mr. Grieve: I am grateful to my right hon. Friend for bringing amendments 56 and 57 before the House. I see his exact purpose in doing so. The difficulty that I perceive with amendment 56 brings us back to a debate that we had earlier on a fundamental issue—the extent to which we wish to set up an independent authority to regulate our allowances. If it is the desire of the Committee to have such an authority, so that it can distance itself from the decisions taken, amendment 56, while it would achieve the aim that my right hon. Friend desires, would effectively defeat the intention behind the legislation. It would turn IPSA into something very similar to the Fees Office, as it currently stands. That is a difficult issue.

All that I can say to my right hon. Friend is that I do not think that the sovereignty of Parliament is involved in the matter, because just as we have the power to set up the authority, which would be at one remove from us—we would have to accept what it came up with—if at a later date we decided that we wanted to get rid of it, we could do so through primary legislation, so the power remains with us. The question is: to what extent do we wish to interfere with its daily operation?

My right hon. Friend makes a powerful point when he highlights the fact that when Sir Christopher Kelly's report comes out, there may be incompatibilities between it and the structure that we have set up. I have no idea who will be in government when that happens, so all

[Mr. Grieve]

that I can say to him is that if there are incompatibilities, we will have to have primary legislation to resolve them. It is quite apparent that we cannot have those incompatibilities. If they occur, the fault will be due to the way in which the Government approached the matter. On that, I agree entirely with my right hon. Friend.

Barbara Keeley: Amendments 56 and 57 would insert a parliamentary filter into the setting of the allowances claim, and would delay the introduction of an allowances scheme by setting a scheme for a later Parliament, rather than for now. Both amendments are unacceptable to the Government. It is important, for the restoration of public trust, that we are seen not to set our own pay and allowances. As discussed earlier, we have decided that we will allow our main pay to be set automatically by reference to movement in public sector pay, and a review will be carried out once in each Parliament by the Senior Salaries Review Body. We will not set our pay. We must take the same hands-off approach to setting our allowances; we on the Labour Benches believe that that is the only thing that will satisfy public concern. I urge the Committee of the whole House to reject the amendments.

Amendment 56 negatived.

Clause 3, as amended, ordered to stand part of the Bill.

Clause 4

DEALING WITH CLAIMS UNDER THE SCHEME

Sir George Young: I beg to move amendment 6, page 2, line 32, after 'to', insert 'or on behalf of'.

The issue raised by the amendment is of a less constitutional nature than those raised by my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) in the amendments that we have just discussed. Clause 4 states:

"No allowance is to be paid to a member of the House of Commons under the MPs' allowances scheme unless a claim for the allowance has been made to the IPSA."

I want to make sure that the facility that exists at present, whereby the allowances are not paid directly to a Member, but are paid on his behalf to a third party, can be carried through into the new regime. I was concerned that, as drafted, clause 4(1) did not allow that facility.

It is often convenient for Members to pass the invoice on to the Fees Office to be paid with the requisite authority, rather than to pay it themselves and claim it back. I hope that advantage can remain. Also, the audit trail—

Sir Robert Smith: I may be interrupting the right hon. Gentleman as he was about to make the point that with the Fees Office paying directly, there is much greater clarity about where the money has gone.

Sir George Young: I am grateful to the hon. Gentleman. He anticipated the other point that I intended to make. The audit trail is much simpler if the money has gone straight from the Fees Office to the supplier, rather than along the more circuitous route via the Member's bank account. No great oratory is needed to make the case. All I seek from the Government is an acceptance of the amendment or an assurance that the amendment is not necessary because that facility is possible under the Bill as drafted.

Barbara Keeley: The experience of the past few months had taught us that some Members may need to take greater responsibility in future for the allowance claims made in their name. We want to be sure that, as the right hon. Member for North-West Hampshire (Sir George Young) outlined, existing arrangements to pay invoices or standing payments in respect of a Member are transferred to the new scheme. The amendment as drafted may raise some technical issues. We want to capture the point that payments are made for or in respect of a Member. If right hon. and hon. Members will allow, we will give the matter further consideration as the Bill progresses through Parliament and seek to capture the essence of the amendment.

Mr. Grieve: The amendment tabled by my right hon. Friend the Member for North-West Hampshire (Sir George Young) is sensible. When our allowances were published, a constituent pointed out to me that the system by which we were submitting payments to the Fees Office was costing more money because direct debit arrangements would lead to savings. These are all issues that need to be examined. Given that we are required to provide value for money, and given also—I take the Minister's point—that there should be proper scrutiny of what we are claiming for, cost savings could be achieved by direct debit mechanisms, with the money going straight from the Fees Office to the third party.

Sir George Young: The Minister made a helpful reply. I accept the implied rebuke that my drafting is not perfect and that there is somebody somewhere else who thinks they can do a better job. It would be churlish to press the amendment against the undertaking given by the Minister, so I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 4 ordered to stand part of the Bill.

Clause 5

MPs' FINANCIAL INTERESTS RULES

Mr. Straw: I beg to move amendment 74, page 3, line 16, leave out subsections (1) and (2) and insert—

'(1) The IPSA must prepare a code to be observed by members of the House of Commons, the content of which is provision made by virtue of subsections (7), (8) and (10).

(2) In this Act "the MPs' code of conduct relating to financial interests" means the code prepared under this section as it is in effect for the time being.'.

The Temporary Chairman: With this it will be convenient to discuss the following: Government amendments 75 and 76.

Amendment 16, page 3, line 21, at end insert—

'( ) the Speaker of the House of Commons'.

Amendment 27, page 3, line 23, at end insert—

'(ba) members of the House of Commons.'.

Government amendments 77 to 79.

Amendment 28, page 3, line 29, at end insert

'save that no member may be required to declare any specified information relating to any source of outside earned income which would place him in breach of a duty of a confidentiality laid upon him by any recognised profession.'.

Amendment 7, page 3, line 30, leave out subsection (8).

Government amendments 80 to 82.

Amendment 29, page 4, line 2, after 'or', insert 'specified'.

Amendment 30, page 4, line 4, after 'or', insert 'specified'.

Government amendments 88 to 91.

Government amendments 84 to 87.

Amendment 73, page 4, line 16, at end add—

'(c) to payment as, and hours worked as, a Minister.'.

Clause stand part.

Mr. Straw: It may assist the Committee if, in addition to speaking to the Government amendments, I comment briefly on the other amendments.

Yesterday, to general approbation, I announced that the Government would withdraw clause 6. We should get an opportunity to do that later this evening. My right hon. and learned Friend the Leader of the House attached her name to amendment 83, standing in the names of right hon. and hon. Members on both sides. I also told the House that there would be certain consequential amendments, and these are they. Essentially, they replace the word "rules" with

"a code to be observed by members of the House".

In amendment 74, proposed subsection (2) refers to the

"code of conduct relating to financial interests".

Why are we doing that? The Committee could spend the whole evening on this, or no time at all. I recommend the latter. I am sure all Members have studied the code of conduct with great care. In addition to the fact that 33 pages are devoted exclusively to guidance on financial matters, a significant chunk of the code qua code in the earlier pages is also concerned with financial relationships. That will go into the scheme that IPSA would have the responsibility to prepare, but I repeat that it would be subject to decision by the House. Under clause 5(6) it could not come into effect unless it was approved by the House.

There was a suggestion not only from the Government Benches, but from the Leader of the Liberal Democrats, for example, that there should be a code. In so far as the public take a close interest in the matter, it makes sense for them to note that the code of conduct will not disappear when, as a House production, it becomes thinner. A large part of it will find its way into that proposed in clause 5.

Mr. Grieve: I am not entirely persuaded by the soft-soaping of that change, which is rather fundamental. We are setting up financial rules and we have a code of conduct. I appreciate that the Government take the view that, at some point in the future, the commissioner might have some conjoined role covering not only standards and privileges, but the investigatory functions in the Bill. However, now does not seem to be the time to run the two together, because it would immediately raise the possibility of our current code of conduct becoming subject to IPSA's remit. Indeed, the Secretary of State seemed at least to hint that a revised code could be produced which would wrap the whole thing up into one. The Bill, however, does not seem to authorise that; we would have to take further decisions. So, for the moment, why not keep the rules separate from the code? If there comes a time when we should join the two together, we can do so later.

Mr. Straw: I was not suggesting that the two codes would run together—far from it; I was suggesting that they would be split. The code that relates to the non-financial matters of the House would be pretty thin, and I therefore think it important that the public and Members be able to find that part of the code which is the vast bulk. It would comprise not only the guide to the rules relating to the conduct of Members, but the rules of conduct in the Members' current code of conduct, wrapped up in a single word: "code". That is all I am saying.

8.30 pm

Sir George Young: Is it not the case that we will continue to have the Members' current code of conduct, albeit without paragraphs 14 and 16 and the financial bits, and then another code that, if the amendment is agreed to, will be called a "code"? There is a real risk of confusion, because there will be one code produced by the House, our current code of conduct, and another code produced by another body, covering matters that are tangential but not identical. Would it not be better to have just one code and to stick with what we had until this morning, which was the rest of it being just rules?

Mr. Straw: That is a choice for the Committee, but in my judgment, there are slightly more important issues to get on with. My view is that the amendment would be more sensible. We would have a code that was like the current code but

"a code of conduct relating to financial interests",

as spelt out by proposed new subsection (2) in amendment 74. Like the current code, it would have rules and general guidance, too. It would be more than a code and more than the rules, just like the current code, and it would come before the House.

Several hon. Members *rose—*

Mr. Straw: I give way to the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith).

Sir Robert Smith: I should like some clarity from the Secretary of State. Why was the provision in clause 5 originally worded "financial...rules"?

Mr. Straw: This is a rose by any other name, but now it is called a

"code of conduct relating to financial interests".

The measure amounts to the same thing; it depends what label one wishes to attach to it. It raises no issues of principle or privilege whatever. They are separate.

Mr. Frank Field (Birkenhead) (Lab): In the hope that we can speed on our way through the clause, I wonder whether my right hon. Friend recalls that, yesterday evening, Government Members insisted that it was totally proper that we declare in detail our earnings from other interests, but that we thought unworkable the proposals that we account for the amount of time spent in acquiring those earnings. Has he had further thoughts on that in relation to this clause?

Mr. Straw: Yes, I have, but it may assist the Committee if I go through the other amendments in this group in the order in which they happen to be on my sheet.

On amendment 16, which my hon. Friend the Member for Middlesbrough (Sir Stuart Bell) tabled, I shall listen carefully to what he has to say before coming to a view.

[Mr. Straw]

Amendment 27, from the Opposition Front-Bench team, would require IPSA to consult Members when preparing and revising Members' financial interests, and we will of course accept that.

Amendment 28 proposes that

"no member may be required to declare any specified information relating to any source of outside earned income which would place him in breach of a duty of a confidentiality",

and amendment 7 would leave out subsection (8), which is quite a detailed subsection. I want to listen to the debate on those two amendments, but I say to all parts of the Committee that I accept that the drafting of subsection (8) is potentially too onerous and restrictive of Members. I do not mean that it is too narrow; it may be too wide. However, parliamentary counsel are already looking at whether its basic purpose can be captured in far less onerous language.

I think that there is general agreement that any scheme for the registration of interests should be backed by arrangements whereby interests have to be declared. Part 6 of the code of conduct, "Registration and Declaration of Interests", says:

"Members shall fulfil conscientiously the requirements of the House in respect of...registration...and shall always draw attention to any relevant interest in any proceeding of the House or its Committees".

Paragraph 77 gives further guidance on how declarations of interest should be made, saying that it should be done "briefly". I think that we all accept that. I certainly accept that, as the hon. Member for Rutland and Melton (Alan Duncan) said, we are now in the age of Google. Ten years ago, before Google, someone who wanted to find out whether a Member had a declarable interest had to go to the Library or to a public library—there was no other way of accessing that information. These days everybody can do it, even from a mobile telephone. The fact that the consequences of registration are so ubiquitous should mean that the need for declaration is less onerous.

At the same time, there must be some provision for declaring an interest; otherwise, we would get into some extraordinary situations. Somebody may, perfectly properly, be an adviser to a particular company and wish to say something—not paid advocacy—in a debate. For example, an adviser to or a director of a defence company may have an interest in speaking generally in a defence debate. There is no reason why they should not do so, but it is important that that is drawn to the House's attention and that of the Member's constituents.

Mr. Gerald Howarth (Aldershot) (Con): The Justice Secretary has made some important and practical points. However, what astonishes me is that we are faced with a specific, detailed provision, presumably drawn up by lawyers in consultation with Ministers, and it looks as though—I welcome this—it is about to fall at the first fence. Why on earth was it introduced in this fashion if the Justice Secretary now accepts that it is a complete load of nonsense? Can he give us some idea of how he expects us to have to deal with this? At the moment we simply say, "I refer to my entry in the Register of Members' Interests", that reminds the House that the right hon. or hon. Member has an interest, and if anybody wants to look it up, they can do so.

Mr. Straw: Even in Bills that are not brought in with this speed, sometimes Homer nods and they need refreshment—the language needs to be improved—as one proceeds. That is the purpose of proper scrutiny. There is not a single Bill in which I have been involved in the past 12 years—it is a huge pile now—that has not been improved by the process of scrutiny. Sometimes, as a result of amendments being tabled, one discovers things that should be improved. I plead guilty to that.

Sir Patrick Cormack: I am in a great dilemma. Today the current rules come to an end. As from tomorrow, we are supposed to declare all these timings and things, which were so brilliantly exposed as odd by the right hon. Member for Birkenhead (Mr. Field) in his speech yesterday; I supported him in the course of my own speech. We now have proposals before us that the Secretary of State accepts are imperfect; I infer from what he says that he wishes to see them altered. The other problem is that Sir Christopher Kelly was specifically asked by the Prime Minister to look at the whole issue and to report on it. We really are in an awful, confused mess. As I have said before, we want clarity, so can we please have some advice from the Justice Secretary? Will the rules that are supposed to come into force tomorrow come into force? How are we affected by what he is saying tonight? Can he give an undertaking that whatever he says tonight will take second place to what Sir Christopher says if he makes different recommendations?

Mr. Straw: The rules that are due to come into force tomorrow will come into force tomorrow, and that has nothing whatever to do with the Bill. Everybody knows that to be the case, because the decision about that preceded the Bill's publication. Those rules will stay in force until they are changed by the House in the normal way.

I have sought to answer the hon. Gentleman's point about recommendations from Sir Christopher Kelly, but the Bill—even the rather onerous clause 5(8), and clause 5(9), which is linked to it—simply provides a framework into which his recommendations, as accepted, would drop. There is no problem with that, although for belt-and-braces reasons I have spelled out what would happen if there were a problem, so we need not go down that track again now.

Mr. Frank Field: May I bring my right hon. Friend back to the matter of timing? He is correct to say that we approved the rules that are coming into force tomorrow, but when we did so we were given four resolutions that we had to accept or reject in their entirety. One of the four stated that we should declare our earnings, which I am totally in favour of, but it also stated that we should declare how much time we spent on them. Like a lot of people, I did not want to be in the position of seeming to be against declaring our earnings, so we voted it through knowing the time factor involved.

From tomorrow, I will not and cannot fulfil the conditions of the House, because of the principles and practicalities that I outlined yesterday. I shall be fined, but I shall not pay the fine, so we will then be in this ludicrous business of going to prison. Surely that cannot have been the aim.

Mr. Straw: I have known my right hon. Friend for more than 30 years, and when we were both traipsing around in the rain at a shack on the gyratory system in Brixton, waiting to be interviewed by the Effra ward of the Vauxhall constituency Labour party in 1976—

Mr. Field: We were lucky—we were both rejected.

Mr. Straw: We were indeed, and never was there salvation more quickly delivered. It struck me then that my right hon. Friend was possessed of many great talents but had a wish to end up on the stake or subject to some other form of martyrdom. Attractive though I know the stake or the gallows are to him, the prospect of his proceeding in that way and being fined by the new body is out of the question.

Several hon. Members *rose—*

Mr. Straw: And on that point, four hon. Members stand up. I give way to the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd).

Mr. Llwyd: May I take the right hon. Gentleman back to the incisive question asked by the right hon. Member for North-West Hampshire (Sir George Young)? He dissected the current code of conduct and said that at some point the non-financial aspects of it would probably be hived off to the new body. Some of us were quite happy to hear that clause 6 would disappear from the Bill, but it is actually a great concern because that clause stated that the code of conduct would continue as per the Nolan principles. The deletion of clause 6 will in fact make it easier for all conduct issues to be taken into the new body.

Mr. Straw: I assure the hon. Gentleman that there is no question of responsibility for non-financial conduct matters going to the new authority. That will not be part of its functions. We discussed the matter at some length downstairs in the cross-party talks. It would be outwith its functions and experience, and it would be completely inappropriate for wider issues of conduct to be subject to scrutiny or determination other than by the House. The Government oppose that; I oppose it; it is not in the Bill and we are proceeding on that basis.

Mr. Grieve: I have a growing anxiety as I listen to the Secretary of State and watch his body language as he explains the provisions. Changing "rules" to "code" emphasises that the measures we passed a few weeks ago and that several hon. Members regard as completely flawed—I shall explain the reasons for that when I speak to my amendments—will, the moment the Bill is on the statute book, be subject to all the pains and penalties, including criminal offences in so far as they refer to financial matters, in clause 9. Should we not concentrate on that? On the one hand, the Government tell us that they have abandoned the conduct provisions in clause 6—to which we all say, "Hooray"—but on the other, and with some slight sideways movement, the Secretary of State attempts to lull us into accepting an unsatisfactory state of affairs, with potentially catastrophic consequences for individual Members.

Mr. Straw: I do not accept that. We can have a debate about whether we use "code relating to financial interests" or "rules". It amounts to the same thing. What is in the tin is the same.

Mr. Redwood: Is the Secretary of State saying that introducing a new set of financial rules tomorrow could be followed by their substantial amendment when Kelly reports, and that that could be followed by further substantial amendment when the new authority is set up and opines that it has got it all wrong? Is that not simply too difficult and complicated for people who try to follow what we do?

Mr. Straw: I am genuinely unaware of whether Sir Christopher Kelly is concerning himself with rules or codes about declarations of interest. I do not think that he is. He may be, but—

Mr. Gerald Howarth: The Prime Minister said so.

8.45 pm

Mr. Straw: I have not said so. I am open to correction—I have not given evidence to Sir Christopher Kelly's committee, but he appears to be concentrating on the whole system of allowances and expenses. If he were to say that there should be some change in categories of registration and declaration, the House would have to take that on board, but it is not relevant to the Bill.

I say to the right hon. Member for Wokingham (Mr. Redwood) that, in due course—it will be quite some time—the authority may decide to propose different sets of rules in its code for registration and declaration. It may propose some that would give my right hon. Friend the Member for Birkenhead (Mr. Field) greater comfort than paragraph 24 of the Green Book about declarations of hours. However, that is further down the track. I offer the right hon. Member for Wokingham the comfort that, if the authority made such a proposition, it could come into force only if and when it was approved by affirmative resolution.

Mr. Paul Goodman (Wycombe) (Con): I want to try a question on the Secretary of State that has nothing to do with Kelly or with the words "code" or "rules", but is pertinent to what he says. As he knows and as colleagues have said, the new rules that require Members to declare how many hours they work outside this place come into effect tomorrow. According to clause 5, a series of rules will be established. Subsection (6) provides that they will not come into effect until they are approved by a resolution of the House. If the clause goes on to the statute book, is it the case that from that point the rules that come into effect tomorrow will be null and void until the House passes a resolution on the new rules? The Deputy Leader of the House is shaking her head.

Mr. Straw: No, it is not. The rules will come into force and, despite what the hon. and learned Member for Beaconsfield has said—that at the moment a breach of the code would not give rise to a criminal offence—it is certainly the case that, because a failure to comply with the requirement in the financial interest rules code will give rise to an offence under clauses 9(2) and (3), that requirement will have to be very carefully drafted. Indeed, it will have to be more carefully drafted than what is currently in the code.

This is not supposed to be a debate about paragraph 24 of the current code of conduct, but I just want to make one point. There are 168 hours in a week—that is not a matter for argument across the Chamber; it is just true. I merely offer hon. Members who are worried and their constituents this reflection. The European working time directive, whether one likes it or not—some do, some do not—prescribes 48 hours as the standard maximum that one is supposed to work in one job. *[Laughter.]* Hang on. If colleagues are sleeping normally—eight hours a day—that will them give them 56 hours. Adding

[Mr. Straw]

those two together gives 104 hours. If we take that away from 168 hours we get 64 hours, which gives hon. Members nine hours a day, more or less, to do what they want with and still fulfil their constituency duties. *[Interruption.]* I am merely trying to be helpful.

Mr. Charles Walker (Broxbourne) (Con): I agree with my right hon. Friend the Member for North-West Hampshire (Sir George Young). I entered the House of Commons four years ago, and it is a complete madhouse. We are now on our fourth iteration of the Green Book since I got here. The rules have changed on a quarterly basis, and now they are changing on an almost fortnightly basis. We have codes there, codes there—codes everywhere. We are seeing almost a deliberate attempt to criminalise every Member of Parliament, because it is now impossible to keep up with what the Government are doing.

Mr. Straw: I apologise, but I cannot quite remember when the hon. Gentleman came into the House.

Mr. Walker: Four years ago.

Mr. Straw: The House has been struggling to bring its systems up to date and into a state such as it has insisted that other institutions and professions bring theirs into, which is one of the reasons, I suggest, why we fell into the abyss of the expenses scandal. With a bit of luck, once we get the legislation through and we get the authority established, we will be able to enter a period of much greater stability. That is my hope, and I think that we will do that.

Mr. Jenkin: I apologise to the right hon. Gentleman for missing the opening few minutes of his remarks, although I was pleased to hear his important comment about clause 5(8), which he will now take away and redraft. However, could he tell us how that will be done practically? Will he table an amendment tonight that will be dealt with on Report tomorrow or do we have to leave that to the House of Lords? We are scrutinising the Bill in very limited time, so it would seem to be awfully late in the day to bring forward such amendments, welcome though they would be.

Mr. Straw: With the best will in the world, I do not think there will be time to table such an amendment to take on Report tomorrow. However, we are a bicameral legislature, and there is no reason on earth why we cannot have commitments made in one Chamber and amendments moved in the other—indeed, it happens all the time. However, what I also undertake to do—I should have said this—is to consult—

Mr. Jenkin: Me?

Mr. Straw: I will indeed consult the hon. Gentleman—why not? I cannot promise that we will reach agreement on the draft amendment, but I promise that I will consult him, and I will consult all the others on the cross-party group, too.

I think that I have spoken for long enough. This has been an unexpectedly entertaining few minutes—for me, anyway—and I shall now listen to the debate.

Mr. Grieve: I was not sure whether to feel sorry for the Secretary of State, but I will do so, because he seems to have been placed in an impossible and ludicrous position—largely, I suspect, by the actions of the Prime Minister. I say to everyone here that they would do well to be very careful before accepting the siren songs that are being sung to them. What we have here is an illustration of the utter incoherence at the Bill's very core, which could have devastating consequences for every Member of this House.

First, the Secretary of State tells us that he wishes us to change the wording, so that the word "rules" is replaced by the word "code" throughout the Bill. We have a code of conduct at the moment. The proposed change could be entirely cosmetic and pointless—an attempt to change the words possibly because the Prime Minister promised that there would be a code, and the code in clause 6 has now gone because those provisions have been removed. That is one possibility.

The second possibility, which we need to bear closely in mind, is that putting the word "code" into the Bill will have the effect of bringing justiciability on the entirety of the existing code of conduct for hon. Members, and in future there will be two codes, but they will be conflated into one. We would do well to avoid that option. If we do not, justi[illegible]y and judicial scrutiny will apply to the financial c[illegible]d to our own code. Furthermore, I am left with the unpleasant sensation that the proposal to change the wording might involve an attempt to obfuscate future change, so that, when we subsequently consider these matters, it might be easier for the House to swallow the bitter pill.

Sir Robert Smith: Will the hon. and learned Gentleman expand on his logic? The House already has a code, and another code is proposed in clause 5. Why would the proposal mean a reverse in justiciability in relation to our own code? Would not the courts understand that justiciability would apply to the rules or code in clause 5?

Mr. Grieve: I take the hon. Gentleman's point.

On balance, I prefer my first theory to my second. Nevertheless, I cannot exclude the second. Having spoken to others who might know more about this than I do, and who seem to be more knowledgeable about the House's procedures and rules, I believe that we would be very unwise to take this step. As I have said, the change of wording is either pointless—in which case, if we want to change it, we can do so when we create the new body with a single code and possibly a single commissioner doing slightly different things—or we should leave the proposal well alone.

Mr. Straw: Picking up on the point that was made a moment ago by the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith), the hon. and learned Gentleman is making much of the question of potential justiciability, but there is no basis or warrant for that claim on the basis of a change of name. Does he accept, however, that there is a fundamental distinction to be made between clause 6 and clause 5? There was anxiety—however loosely founded it may have been, I accept that it had a basis in fact—that, because the duty in clause 6 was placed on the House, the House could have been the subject of judicial review. That would have run straight into issues of privilege, which is why I was happy to withdraw that clause. The duties under clause 5, however, are on a statutory authority, and it is completely standard for duties on such an authority to be subject to scrutiny by the courts.

Mr. Grieve: I listened with care to what the Secretary of State has said, and I am conscious of the very limited time we have had to consider the matter—and the even more limited time to consider the further changes that he puts forward. He will have to answer when, ultimately, we come to point where we will have to approve the rules or the code, and it seems to me that at that stage, the matter is as much a creature of this House as it is if we have a code of conduct under clause 6—even if it has a statutory nature. All I can say is that my best advice to the Committee is that I can think of no reason why, if the Secretary of State is right, we should not keep clear the distinction between the financial rules that he wishes to create and the present code. If there is even a shadow of a doubt, the sensible thing for the Secretary of State to do is to abandon this attempt to change the word "rule" to "code" and to leave it as it is now, and we can sort it out later. I very strongly urge him to do that.

Secondly, moving on to our own amendment, I note that I thought I had understood, but perhaps I had misunderstood, that the Secretary of State was going to abandon clause 5(8). I thought it was an abandonment rather than a going away to rewrite the provision in some new form. There is absolutely no doubt that once clause 5(8) comes into force, it will, as I said in my intervention earlier, have an immediate bearing on a whole series of questions relating to the rule changes we introduced two months ago or whenever it was, which have come in for so much criticism in the House.

By way of illustration, let me turn to amendment 28. I am also mindful of what was said by the right hon. Member for Birkenhead (Mr. Field) a short time ago. I must declare my interest here, Mr. Cook, as a practising member of the Bar. However, that fact may be pretty academic because as I have not practised for 12 months, it is unlikely that I will practise again before the next general election—and it may well be that my appearance in court last July was the last time I will ever appear.

Mr. Jenkin: Not under this Bill.

Mr. Grieve: My hon. Friend could not be more correct. There is, I think, little danger of my appearing as an advocate, but if I tried to appear as one, there would certainly be a very immediate danger of my appearing as a defendant. Let me explain to the Secretary of State just how flawed is the system that he proposes to introduce.

9 pm

We were told that the whole issue of professional confidentiality would be dealt with under the regulations. We were to say not only how much we earned and when we earned it, but normally to provide a statement of who paid us. It was also said, however, that special provision would be made to respect client confidentiality in respect of the professions. Unfortunately, in their practical application, these rules will not do that.

The requirement for me as a barrister is to say that I received £X from a solicitor for advising a client and a court appearance and that I carried out Y number of hours' work. The problem is that I did only one case in July last year. It was quite widely reported and it concerned the definition of the word "garden" in the Forestry Act 1967—a very interesting and rather esoteric matter. The fact is that I did only that one case. If I were to report that I had received £X from the solicitor who instructed me in that case for Y hours, there would be no difficulty in establishing how much the client had paid me.

For those reasons, if this case were taking place in three days' time rather than a year ago—on 3 July last year, I believe—I would be unable to comply with the rules. Whatever law may be passed in this country, I am afraid that my professional rules would have to take precedence as a matter of conscience and I would simply not be able to observe the terms of this declaration that the House required. At the moment, that would land me in serious difficulty with the House. That would be bad enough, and it might bring my career to an end, although I would have to accept that cheerfully because I would not be prepared to subvert my professional requirements of confidence to clients. However, the Bill would also turn that into a criminal offence. I urge the Committee, when we consider criminal offences tomorrow, to take a little time to consider the extraordinary architecture of oppression that we would be creating for ourselves. I do accept that we appear to have created an architecture of oppression for many other people in recent years—

Mr. Llwyd: If I understand the rules correctly, from tomorrow every gross payment we receive will have to be recorded. The hon. and learned Gentleman knows as well as I do that gross payments do not relate to the net receipts at the end of the financial year. What is one to do—record the gross or estimate the net? It is grossly—perhaps I should rephrase that—terribly unfair.

Mr. Grieve: The hon. Gentleman is right. The rules say something about that, but it is all very vague and opaque. Amendments 29 and 30 would be preserved under the current structure.

Sir Robert Smith: Under the hon. and learned Gentleman's professional code, what information could he provide to give the public an indication of any obligations he might have through his financial interests?

Mr. Grieve: I have given the game away by saying that I only worked once last year, but normally I would have no difficulty in giving a global figure for how much I earned. I could also give the number of hours worked, although heaven knows it is not as though I keep a 100 per cent. accurate record. For many cases, I am not paid by the hour, and it will require some onerous changes to the way in which I operate to introduce an egg-timer to record every moment I am earning. However, if that is what the House requires, I will of course comply, but I will not identify my clients and how much they have paid me. That applies not only to me—it will apply to any professional in a recognised profession with a duty of confidentiality. For that matter, it may well extend outside.

The difficulty arises because we do not work full time. I am sure that the intention behind the drafting of the regulations was that nobody should be able to disentangle what money came from whom. However, for most hon. Members, the likelihood is that the amount of work that they do is so limited that it would be exposed by the new system. We have landed ourselves with a monumental problem for a benefit that I fail to understand.

Mr. Walker: If my hon. and learned Friend unwittingly over-recorded or under-recorded the hours that he worked, would he be committing an offence? If so, what sanctions could be visited on him?

Mr. Grieve: We will tomorrow consider the requirements laid down in clause 9. I could be fined and, as a professional person, I might be able to pay a £5,000 fine, but it would have catastrophic consequences for my ability to continue in professional practice. That would be an extreme double whammy.

I am particularly concerned by clause 5(8) because it would put the requirements into statutory form, which would enable the offence to bite on it. I had thought that that provision would go away and we would be left with only the House's obligations and not the statutory obligations. As it is, this provision will be a fertile field for litigation. I am entitled to invoke the law as much as I can, and I imagine that, if the amendment were taken to its logical conclusion, it could end up in the European Court of Human Rights in Strasbourg. In that event, my argument would be that its impact on my ability to earn a living—quite apart from the duties of confidentiality and privacy law—caused it to breach articles in the European convention on human rights. We are creating a labyrinth for ourselves.

The Secretary of State is temporarily absent, but I forgive him that. I am sure that he has a good reason for disappearing behind the Speaker's Chair. I believe that it is for the reasons that I have given that he showed a slight hesitation as he approached the Dispatch Box to try to disentangle the impacts of clause 5. Amendments 29 and 30 deal with clause 5(10), which states:

"The rules must prohibit a member from... by any specified means, advocating or initiating any cause or matter on behalf of any person in consideration of any specified payment or benefit in kind".

I interpret that as a preliminary for the offence of paid advocacy that appears in clause 9. What is bizarre, however, is that, according to my understanding, although a payment must be "specified"—I suppose we see that in the rules—a benefit in kind is not subject to qualification by the word "specified". On the face of it, we are putting in statute a requirement that any benefit in kind, irrespective of the rules that we are enacting, be prohibited.

The regulations show that there is a real problem with benefits in kind. Those who drew up the regulations experienced great difficulty in deciding what constituted a benefit in kind and what constituted a gift. If I deliver a speech—as I did recently—to, for example, a Conservative association or indeed a rotary club, and if at the end of the evening someone gives me a bottle of claret, is that a gift or is it a benefit in kind? It is clear to anyone who reads the regulations that those who drew them up were not at all sure into which category such things should fall. As a consequence, if thereafter we come to the House and try to advocate anything that might be to the advantage or otherwise of a particular organisation, we shall be committing a criminal offence carrying a fine of £5,000.

All this strikes me as a complete fantasy world. I am afraid that the reason for that fantasy world is, yet again, our semi-mad Prime Minister, who goes out and makes statements to the public without thinking through the consequences of his actions in an attempt to secure some cheap and quick public fix. That is what the Secretary of State is now having to disentangle without ruffling too many feathers at No. 10 Downing street, and that is to the extent to which, at present, we are being disgracefully governed.

Mr. Redwood: Should not Labour Members also take this matter seriously? When Labour legislated for Electoral Commission returns concerning political donations, that turned out to be extremely damaging to many candidates for the deputy leadership of the party. Labour Members must understand that this measure could have all sorts of perverse consequences for people who want to behave honourably but find the rules very difficult.

Mr. Grieve: I agree with my right hon. Friend.

Let me say in fairness to the Secretary of State, who has now returned to the Chamber, that I have detected today a real willingness to listen. I think that he has a pretty acute awareness of the areas of the Bill that are wanting. It can also be said—although I realise that this does not apply to one or two Members—that we have a common purpose in trying to establish an allowances and payments system that will bring the House out of disrepute.

We had every incentive—all of us together—to make the Bill a success, which is why it pains me so much when I see where we are starting to go so catastrophically off the rails, with consequences for every Member. That will first of all do us damage, but it will also damage our reputation for competence.

Mr. Jenkin: Before my hon. and learned Friend sits down, will he give us some advice about amendment 74? It states:

"The IPSA must prepare a code to be observed by members of the House of Commons, the content of which is provision made by virtue of subsections (7), (8) and (10)."

Does that mean that the content of this code is limited to "provision made by virtue of subsections (7), (8) and (10)", or could the code go wider than those provisions, as these are terms of art and there is considerable flexibility in the interpretation?

9.15 pm

Mr. Grieve: I am sure my hon. Friend will agree with me that we will want to listen to what the Secretary of State says. I am prepared to be talked out of my anxieties on this, but I have to say that I can see how that problem could arise. I think there are clear advantages in keeping the distinction between "rules" and "code" until such time as this House is completely satisfied that it wants to create some unified structure.

Mr. Cash: I certainly agree with my hon. and learned Friend about the distinction between rules and codes. Having got that out of the way, does he also accept that there is a problem in there being the majority that there is in this House? A lot of matters may well therefore need to be resolved in the House of Lords, but whereas I entirely agree that this Bill has in its essence and principle a good objective—which I have advocated for a very long time—as many of the areas it addresses are privileges of the House of Commons, it will be nearly impossible for the House of Lords to be able to make any meaningful amendments. The privilege arrangements and the black lining will mean that they will not be able to have the effect that they otherwise would have.

Mr. Grieve: My hon. Friend may well be right. Another point arises from an amendment that he has tabled. It relates to the European convention on human rights. So long as this House has kept its principles simple, it has succeeded in escaping outside jurisdictions—for very good reasons, I think—but if this House starts to create criminal offences for its Members, which we are doing, that will clearly become much more difficult. Also, when we come to consider this matter tomorrow, I strongly recommend that the House should pause before creating criminal offences which, in fact, pertain to regulatory breaches of its own rules. That too is likely to create very serious problems for how we run ourselves.

Mr. Cash: My hon. and learned Friend touches on an extremely important question, relating to the application in this context of the principles applying in the Duncan Sandys and Damian Green cases, but we will come to that tomorrow, will we not?

Mr. Grieve: Yes, we will, but I want to conclude now.

Our amendment 73 simply specifies that Ministers should be obliged to supply their hours of work and the hourly rate of pay for what they have been doing. I cannot think of a reason why they should not do so if we are being put to this burden. Ministers may be Members of this House, but ultimately the work they do as Ministers is distinct from other aspects of their work. I cannot think of a reason why they should not realise now the onerous burden that is being placed on everybody else.

Sir Stuart Bell: I have been listening all night long to this very interesting debate, which mixed up Sir Christopher Kelly, the new rules coming in tomorrow and this Bill. I should add at the outset that the purpose of amendment 16, which stands in my name and that of the right hon. Member for North-West Hampshire (Sir George Young), is simply to add the Speaker to the list of those persons who should be consulted. I do not think there is any particular problem in that.

I have risen to speak about Government amendment 74, however. I understood what the Justice Secretary said, because we did have some concerns about the original clause 6, which he graciously withdrew yesterday. The clause seemed to undermine the concept of privilege and place its determination in the courts by referring to "the Nolan principles" and "such other matters". Those who examined this matter felt that that would have opened up the privilege question and taken us into the courts. The concern is that Government amendment 74 might have the same result.

The Justice Secretary made a pertinent point when he said that the old clause 6 meant that the House of Commons was to continue to have a code of conduct whereas now the new body, IPSA, would propose the code and, thus, not put the House and its privileges within the determination of the courts. I should like to draw that principle to his attention and he might wish to reconfirm it when he responds to the debate.

Sir George Young: I should like to speak to amendment 7, which stands in my name. It relates to clause 5(8), which the Secretary of State was good enough to refer to in his remarks, as was my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve).

The registration of interests and the declaration of interests are two separate activities. My amendment seeks to remove subsection (8), which deals with the declaration of interests.

The registration of interests is dealt with in subsection (7); I have no difficulty with that and with the fact that one must register specified information in a register maintained by IPSA. My amendment would remove the requirement for IPSA to include rules relating to the declaration of interests in relation to its financial registration rules—or the code of conduct, as it has been rebranded. Later on in the Bill, clause 9 recognises a distinction between registration and declaration, and a failure to register is made an offence, whereas a failure to declare is not. The rationale for that distinction is that whereas registration is part of a Member's wider accountability to our constituents and the public at large, declarations arise in the context of proceedings in the House, for example in the course of a debate or in a Committee. Therefore, proceedings in the House should not be governed by statute law, but should be dealt with by the House itself.

Angus Robertson (Moray) (SNP): Is the right hon. Gentleman aware that this House legislated in the Scotland Act 1998 for people to face criminal sanction for non-declaration in the Scottish Parliament? Given that this House believed at that time that such rules should be applied to another legislature in the UK, why should this House not be held to the same standard?

Sir George Young: Were my amendment to be successful, I would quite understand it if the hon. Gentleman felt obliged to table a consequential amendment to deal with the provisions to which he has just referred. My view is that it is for this House to decide the circumstances in which Members should declare an interest and to decide what to do if they do not. I, thus, believe that the amendment should be accepted and the rules relating to the declaration of interests should continue to be made by the House itself.

I just wish to say a word about the Government amendments, which rebrand the rules relating to financial interests as a code of conduct. It is not at all clear to me why what yesterday was a rule about a financial interest must today be a code of conduct. That is certainly not a consequential amendment flowing from the removal of clause 6; it does not follow at all that because that code of conduct has been removed another part of the Bill has to be rebranded as a code of conduct. I think that this has happened merely so that the Prime Minister can fulfil his pledge to introduce a statutory code. If the Government amendments are accepted, there will be two codes. One will be a statutory code covering financial matters and the other will be maintained by the House and will cover everything else. That is a recipe for confusion, and it is totally unnecessary.

Finally, I should add that many of us voted against the programme motion yesterday because we were worried that there would not be enough time to discuss matters, and it looks as though that prophecy is about to be fulfilled.

Sir Patrick Cormack: I entirely agree with what my right hon. Friend the Member for North-West Hampshire (Sir George Young) has just said—and, indeed, with everything that he said in his brief but, I felt, totally persuasive speech.

[Sir Patrick Cormack]

I feel very sorry for the Secretary of State. He is trying to be his master's voice and he is clearly finding it extremely uncomfortable. His performance at the Dispatch Box at the beginning of this debate was one of total sincerity but utter discomfort—*[Interruption.]* Yes, it was. It could be seen in the way in which he responded to my plea for clarity. I would commend to him the letters of Lord Chesterfield to his son, which are perhaps the best commentary on manners in the 18th century. The boy was going off on the grand tour, and his father warned him of the pitfalls of frequenting houses of ill-fame. He said, "Be careful of your money. Remember, the pleasure is momentary, the position is ridiculous and the expense is damnable." Tonight, the right hon. Gentleman is a classic illustration of that. He adopted a ridiculous position, the pleasure of doing so is certain to be momentary and the cost to this House is damnable.

I think that the Secretary of State should think again, and if he has not read Lord Chesterfield there is a treat in store for him—

Angus Robertson: It sounds more like "Flashman".

Sir Patrick Cormack: It is far better.

I ask the Secretary of State: what is the difference between a code and a rule? If, as he seemed to imply—at least, that was what I inferred from what he said—there is not a difference, then why persist with it?

The other, and far more important point, which my right hon. Friend the Member for North-West Hampshire raised in his amendment, is that clause 5(8) should be deleted. It really should.

Mr. Straw: I said that I would listen to the debate, and I have, and I am persuaded that it is right to withdraw clause 5(8). I add two caveats. The amendment is to clause 5(8). It follows, as night follows day, that clause 5(9) will have to be withdrawn, but I am not sure that we can do it tonight, because there is no amendment. We can sort that out in due course. Let me say to the Committee, for the avoidance of doubt, that it might be necessary to bring forward some consequential amendments—although I doubt it. If it is, I promise that I will consult the usual people, including the right hon. Member for North-West Hampshire (Sir George Young). I hope that that reassures the Committee.

Sir Patrick Cormack: I am extremely grateful, and I am sure that my right hon. Friend the Member for North-West Hampshire is grateful and, indeed, that the Committee is grateful. Can we now build on that, and will the Secretary of State acknowledge, in a belated response to the point made by the right hon. Member for Birkenhead (Mr. Field) last night and by a number of other Members of all parties, as he came close to doing when he gave us the little timetable of hours that there is nothing disreputable about Members' having outside interests? Will he acknowledge that it is quite right and proper that they should? It is of course proper that they should declare them, but in declaring them they should not be put into a ridiculous position, such as that mentioned by the right hon. Member for Rotherham (Mr. MacShane) when he talked about the difficulty for somebody who earns some of his money, as I do, from writing in giving precise and specific hours.

Mr. Straw: I am very happy to acknowledge that. I regard myself—whether others do is a matter for them—as someone who takes his constituency responsibilities very seriously. However, it happens that I have been on the Front Bench in one capacity or another since November 1980, which is some time ago. When I was in opposition, I used to earn a significant sum from writing, which I used to subsidise my office—[Hon. Members: "How much?"] I cannot remember now. It is also true that for the past 12 years I have had a second job, as a Minister. I hope that that helps.

Sir Patrick Cormack: I am grateful again to the right hon. Gentleman, and perhaps we can have a hat trick. He has accepted the amendment moved by my right hon. Friend the Member for North-West Hampshire and acknowledged that it is both valid and honourable for hon. Members to have outside earnings. For the hat trick, if we are to have this provision on outside earnings, will he now acknowledge that Ministers should also declare? Ministers have to deal with their ministerial portfolios, and they travel the country or to other countries doing all sorts of perfectly right, proper and appropriate things—well or badly, but doing them nevertheless—but they are not able to perform their constituency or ordinary parliamentary duties at the same time.

To paraphrase what the Justice Secretary said yesterday, let what is sauce for the goose be also sauce for the ministerial gander.

9.30 pm

Mr. Straw: I am afraid that I cannot give the hon. Gentleman comfort on that, as the distinction is that it is a fundamental part of our constitution that people may be Ministers. Our diaries are pretty public, and I can answer the question about whether I was able to do my constituency work when I was abroad with the following example. The Foreign Office record shows that on one occasion—and much to her surprise—I had to phone the chairperson of my local primary care trust from an armoured vehicle on the way to Ramallah.

Sir Patrick Cormack: I am sure that she was thrilled. If we cannot have sauce for goose and gander in that respect, then let us have it in the other—since Ministers do not have to declare their hours, let it be the same for others. In that way we will all be on all fours. We are answerable to our individual constituents, and we must satisfy them that we do a decent job in Parliament and the country. I never work less than 60 hours a week, and I break the working time directive every week of the parliamentary year. If, while we do that, we write the odd article or give the odd bit of advice, then God bless us all. Let us move forward in an atmosphere of tolerant and mutual admiration—as I admire the right hon. Gentleman for what he said a few minutes ago.

Sir Robert Smith: We have only 29 minutes left, but I hope that we will be able to reach other clauses—

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): We will not get any further because we will have Divisions. Keep talking.

Sir Robert Smith: The hon. Member for North-West Cambridgeshire (Mr. Vara) points out from the Conservative Front Bench that there will be Divisions as well to use up the time, so I might as well speak for as long as I like.

I welcome the decision to accept amendment 7. Along with removing clause 6, that will help to create the distinction between Parliament and the courts. Most of the many Government amendments changing "rules" to "code" are cosmetic, but that change is acceptable if it helps to remove clause 6.

Amendment 73 should be supported by the Government, as the idea of the register is to show the conflicts that Members have and how they use their time. That principle should apply to Ministers as much as it does to anyone else. One of the roles of this House is to hold the Government to account, so ministerial interests must be in conflict with that role at times. People should be able to judge the roles that Ministers play, and the time that they are able to put into their work.

I have quite a lot of sympathy with amendment 28 and the concerns about professional confidentiality, but I worry about whether it would have the effect that contracts could be drawn so that the word "confidentiality" could take on a wider meaning. If it can be restricted to professional understandings that already exist, I think that amendment 28 could be acceptable.

Mr. Gerald Howarth: I rise to support amendment 73, which is excellent, and I also agree with everything that my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) said. He was absolutely right that what is sauce for the goose should be sauce for the Government gander. However, with the economy in meltdown and our armed forces engaged in a battle in Afghanistan, it is astonishing that this House should spend so much time on this matter. It is true that there is public concern about expenses and that we had to address that, but the Government have come forward with a completely irrelevant issue relating to Members' interests. There is no clamour for the complex proposals that they have introduced save among the ardent socialists on Secretary of State's own Benches, and there are not too many of them.

This provision bears all the hallmarks of a nasty, petty and partisan attempt by the Prime Minister to stoke up hostility towards some on the Conservative Benches, although it will have the added advantage of dragging in some of his right hon. and Blairite Friends whose services clearly are valued by a number of corporations and individuals out there in the public sector. I look at the right hon. Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram), a good friend of mine. I am so glad that he has been properly remunerated for his great talents and skills. If this were not an attempt to stoke up hostility, the Government would have accepted the case for bringing Ministers within the scope of the Bill. If the Prime Minister were not minded to be so venomous about it, logic would demand that Ministers should be brought into its scope. They spend infinitely more time than most of us who have outside interests on doing things other than looking after their constituents. There is therefore no justification for excluding Ministers. I did not think that the Justice Secretary's little example supported his case.

This draconian measure will impose enormous added burdens on right hon. and hon. Members. We will be required to fill in some sort of time sheet, rather like lawyers, totting up how much time we spend on other interests. We have already seen how Members have fallen foul of the requirement to register interests, not in most cases because they have been dishonourable or evil, but simply as a result of the pressures on time. It is monstrous that the Government have proposed this complex web of requirements to impose on us.

Failure to record interests accurately will render us all liable to criminal prosecution. It is important that we put it on record that there should be right hon. and hon. Members who have other interests. It is extremely important for Labour Members for, if they do not have other interests, they will be unemployed after the next general election.

This House, as some commentators have noted, does not have enough people with business experience to inform debates in this place. It is left to those with experience in the other place to amend legislation that is pushed through here by people who do not have experience. I have checked with the House of Commons Library and, as matters stand, 7 per cent. of Labour Members have business experience and 38 per cent. of Conservative Members do. It is an indictment of Parliament that so few people have business experience. Therefore, I encourage all hon. Members to have outside interests. It adds to the value of debates in the House.

I conclude by reminding the Committee of a remark made by the Bishop of Durham in another place. He said during debates on constitutional reform:

"it looks as though constitutional change has been done on a wing and a prayer. We on these Benches are very happy to supply the prayer, but we want to be assured of the quality of the wing."—[*Official Report, House of Lords*, 11 June 2009; Vol. 711, c. 767.]

What the Justice Secretary's action tonight has demonstrated is that the wing is not qualified and is indeed plummeting to earth rapidly.

Mr. Jenkin: I endorse much of what my hon. Friend the Member for Aldershot (Mr. Howarth) said about amendment 73, and what my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) said. Let me set out the strongest case for Ministers being brought into the scope of the rules on declarations. Just imagine what the inclusion of Ministers would show. If the right hon. Member for Blackburn (Mr. Straw) were now the Foreign Secretary, it would probably show that he spent 80 or 90 per cent. of his working time being Foreign Secretary. I do not know how many hours he spends being Lord Chancellor and Secretary of State for Justice; I would submit that that must account for 70 or 75 per cent. of his working time. That would seem to be a reasonable proportion of his time to spend on ministerial office. For that, he is justifiably rewarded with extra salary as a Cabinet Minister. I appreciate that he does not draw the Lord Chancellor's salary. The inclusion of Ministers in the rules on declaration would, at a stroke, legitimise the view that other Members of Parliament without ministerial office would be perfectly justified in taking outside employment for a number of hours for a degree of extra remuneration.

The failure to include Ministers in the rules on declaration seems deliberately to suggest that being a Minister is legitimate, but having a different outside interest, even if it is for the public good, is not legitimate. An invidious atmosphere has been created on the subject of outside interests. That was obviously political, and had absolutely nothing to do with the exposure of the expenses of right hon. and hon. Members by *The Daily Telegraph* and the

[Mr. Jenkin]

Freedom of Information Act 2000. It was a purely vindictive and political act for the Prime Minister to bring that extra resolution before the House. It was done to create that political atmosphere.

In parenthesis and perhaps not entirely relevantly, I might add that it has always struck me as slightly odd that a Member of Parliament resigns by accepting an office of profit under the Crown. I have never understood why being a Minister does not count as having an office of profit under the Crown. If we are to go on professionalising the House of Commons, as my hon. Friend the Member for Wycombe (Mr. Goodman) said yesterday, we should chuck the Executive out of Parliament altogether, on the basis that to be a Minister is to hold an office of profit under the Crown. That should disqualify Ministers from being Members of the House of Commons.

Mr. Straw: The truth is that being a Minister was an office. It was the case certainly until the 1920s, if not later, as we were reminded last night—

Mr. Jenkin: I mentioned that.

Mr. Straw: Indeed; the hon. Gentleman mentioned that whenever anybody was appointed as a Minister, there was automatically a by-election. That would be a bit risky these days. I can think of many reasons for not having such a system. I understand the strong feelings about what is in paragraph 24 of the new arrangements that come into force tomorrow, but those arrangements are not directly germane to the Bill, which simply provides a framework, particularly given that we will withdraw clause 5(8).

Mr. Jenkin: It would, of course, be churlish of me not to acknowledge that the right hon. Gentleman has agreed to withdraw subsection (8). That is the subject that I want to move on to next. The withdrawing of parts of the Bill should amount to substantial concessions, but although we were initially delighted by what he announced about clause 6, we were not aware that while he was making that dramatic concession, other amendments were being tabled that seemed to undo his concession. I appreciate that there has been progress, but we have taken 10 steps forward and nine steps back. If I may, I shall spend a few moments explaining why I think that.

My hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) accepted my comment that the new subsections (1) and (2) to clause 5, introduced by amendment 74, leave some ambiguity as to whether the code is confined purely to the issue of expenses and declarations, or whether it might go wider. I have since studied the Nolan principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. It is not difficult to connect every single one of those principles with the declaration of financial interests. For example, the text on selflessness states:

"Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves",

so that one goes in. The principle of integrity states:

"Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations",

so that one goes into the code. The principle of objectivity requires us to make choices for public office on merit. I wonder whether that could be squeezed in somehow. The principle of accountability certainly applies. People in public office should

"submit themselves to whatever scrutiny is appropriate to their office."

I am sure IPSA will do that.

9.45 pm

According to the principle of openness, we should be open about the decisions that we take. On honesty, the code says that we

"have a duty to declare any private interests".

So a great deal of what is in the Nolan principles overlaps dramatically with what would be a code instead of rules under the Act. The withdrawal of clause 6 does not amount to nearly such a large concession as was originally advertised by the Lord Chancellor.

The concern raised by the learned Clerk about clause 6 referred to the anxiety that

"the maintenance of such a resolution"—

that is, the code—

"and the content of what it approves would become, by virtue of Clause 6, a matter which is justiciable by the courts."

By virtue of being included in the Act, instead of being made by resolution of the House, the code would, by definition, be justiciable. The code relating to financial matters in the Bill will be justiciable by the courts. If it does not conform with the recommendations of the Committee on Standards in Public Life or with the rules, it would, by definition, be justiciable.

I still do not see how the Lord Chancellor has dealt with paragraph 9 of the learned Clerk's memorandum. Paragraph 9 states:

"It is not clear why this clause is in the Bill."

It is not at all clear why we should have to substitute "code" for "rules" unless, as we heard, it is purely to satisfy the impulsive outburst of the Prime Minister, who wanted to be able to tell the public, to appease the press and to ingratiate himself with the press, that there would be a statutory code to which MPs would be subject.

Clause 6 may be withdrawn, but clause 10 is still in the Bill. That is the problem that gives rise to the anxiety about a chilling effect on the freedom of speech in Parliament. The inclusion of the code undoes whatever good the withdrawal of clause 6 does, and the Bill remains as unsatisfactory and as dangerous to the interests of our constituents as ever.

Mr. Paul Goodman: Clearly, as I said yesterday, Members of the House are either elected representatives who are free to earn outside, or professional politicians who are not. It is with that thought that I shall address the clause and the amendments. As some hon. Members know, I have become convinced over a period that, unfortunately, the House is heading in the direction of professional politics. That, for better or for worse, is why I have decided not to stand again. I confess that when I made my decision, pessimist though I sometimes am, even I could not conceive of a clause as poor as clause 5.

Let me explain my reasoning. First, the Secretary of State has said consistently, throughout the proceedings on the Bill, that we need the Bill in order to quell public anxiety over expenses, but it ought to be obvious to every Member of the House, including those who have just entered it, that the clause has nothing at all to do with expenses. It is to do with the declaration of financial interests. If the Secretary of State had wanted a Bill concerned merely with expenses, he could have had it quickly yesterday and that would have been an end to it. But no, we have to have this Bill and this clause.

The clause places before us a series of rules that will apparently be replaced by a code. My hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) and my hon. Friend the Member for North Essex (Mr. Jenkin) have just been through all the arguments, and it is not ultimately clear whether "rules" is to be replaced by "code"—the most likely explanation is that the Prime Minister has promised a code and that is an end of it—or, as my hon. Friend the Member for North Essex just argued, whether the courts will be given the power to rule on the clause, thereby obviating the removal from the Bill of clause 6, which was offered to us as a concession yesterday.

Furthermore, I do not know what will replace clause 5(8), if anything. Some Members may know because the Justice Secretary has been scurrying back and forth to speak to them. However, we do know what remains and looks likely to be punishable by the courts under clause 9. Nevertheless, we do not even know whether what the Bill seeks to give effect to, namely the provision whereby we have to declare in detail every flickr that we work outside this place, will stand or be replaced by whatever Sir Christopher Kelly brings forth.

I thought I heard the Secretary of State say this afternoon that, if Sir Christopher comes forth in due course and says, "I do not much like any of this," it may all have to be replaced anyway. I thought also that I heard my hon. Friend the Member for North Essex say that Sir Christopher, in conversation with him, seemed to intimate that he was not happy with every aspect of the Bill, raising the further question why it exists and why the clause exists.

Underneath that tangled mess, which is so tangled that my description is even more tangled than it normally would be, lies a simplicity. As other hon. Members have said, the Government are creating an atmosphere of illegitimacy around outside interests. That is the purpose of clauses 5 and 9, and the ceiling that has been descending year upon year on outside interests, ever since the Nolan report and probably further back, is being ratcheted down under this Bill. It is essentially unjust, because the one group of people who will not have to declare how much time they spend working on business other than those of their constituents are, of course, Ministers. If there were any justice, they would accept the amendment tabled by my right hon. and hon. Friends, so that Ministers had to declare how many hours they spent moonlighting outside this place—to use the language that they frequently throw at us. But of course, they will not accept it.

Either we are to be elected representatives who are free to work or, if we are to be professional politicians, we will have to separate the Executive and the legislature, and being an MP will be a full-time job. I do not expect the Justice Secretary to address that argument fully or completely openly. I understand why the Leader of the House cannot be present, but, notably, the Justice Secretary has been sent in because, with his usual combination of charm and cunning, he is the only Front-Bench spokesperson likely to get the Bill past unsuspecting Government Members who, if they are still here after the next election, will find that it bites as much on them as on any other Member.

My closing words, however, are not to the Justice Secretary but to my Front-Bench team. If, as may be, there is a Conservative Government after the next election, they are going to inherit this mess, and they are going to have to make a fundamental decision themselves, despite all the political difficulties. The question is, are they going to allow the boat to continue to drift all the way down to the professionalisation of politics, or are they going to make a stand and allow this House to return to what it should be—namely, a forum in which the clash of interests is represented and debated? If this House does not do that, there is no purpose in it being here at all.

Adam Afriyie (Windsor) (Con): We heard a brilliant contribution from my hon. Friend the Member for Wycombe (Mr. Goodman); I hope that he changes his mind at some point.

On sources of outside income, we have to be absolutely clear that we are talking about jobs undertaken and time spent in addition to our work as Members of Parliament. Clearly, a ministerial job is additional to the duties of a Member of Parliament. Committee chairmanship and, perhaps, the Speaker's role can also be seen in that light. If we are declaring the number of hours of paid work outside this place, or even inside it, it is completely illogical that we are not declaring the number of hours of unpaid work outside this place, as well as inside it. Fundamentally, if we are arguing that being a Member of Parliament is a full-time job—although I do not make that argument—then, equally, anything that takes a Member of Parliament outside this place to undertake other kinds of employment and use their time in other ways should be declared. If somebody is working for a charity, acting as a school governor, or doing anything that is not remunerated, surely those hours should also be listed. Of course, to do so would be considered completely nonsensical and not particularly relevant. Perhaps that is why the declaration of the number of hours worked or the amount of money received should equally be seen as nonsensical.

Let us take a completely different view. It could well be argued that the fewer the number of hours a Member of Parliament spends fulfilling his or her duties, provided that he or she is efficient, the better. That is a good sign. If a Member of this House can achieve in three hours a day what other Members, or other people, might achieve in eight hours a day, is that not something to be welcomed? Efficiency must come into play. My background is in business, and I can say immediately that people in business—people who are entrepreneurs, who are enterprising, and who are looking for a return and a benefit to their company and to the economy—will look for the most efficient person who can achieve the best result in the fewest number of hours. The whole drive towards the declaration of the number of hours, with the undertone that it is bad to work fewer hours fulfilling one's duties as a Member of Parliament, is incorrect.

[Adam Afriyie]

Underlying several parts of the Bill is the assumption that outside interests or outside earnings are a bad thing. I put it to the House that we want a variety of people here. I do not want only wealthy people to be represented in this place—that would make it a very bad place to be. These changes to the rules, which insist on each individual hour of income earned outside being declared, are not only unworkable but work against people from less well-off backgrounds coming into this place. We will end up with the sort of people who have no outside interests because they have unearned income from elsewhere, have made a fortune in the past, or come from wealthy families, or the sort of people who have been permanent professional politicians. I am not sure that that is good for the nation or for our constituents.

I hope that the Government change their mind on several clauses, and that the Bill achieves what we would all like it to achieve—the independent administration of expenses, allowances and, potentially, salaries. I think that that is readily acceptable.

Mr. Straw: I have listened to the debate with great care. Let me say for the assistance of the House that in addition to the Government amendments, which I commend to the House, the Government wish to accept amendments 16, 17, 7, 29 and 30. We will separately consider amendment 28, and we are opposing amendment 73.

Question put, That the amendment be made.

The Committee divided: Ayes 340, Noes 159.

Division No. 170] **[10 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burt, Lorely
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hancock, Mr. Mike
Hanson, rh Mr. David
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Hemming, John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Khan, rh Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony

Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oiner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Dr. Tony
Younger-Ross, Richard

Tellers for the Ayes:
David Wright and Helen Jones

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Barker, Gregory
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howarth, Mr. Gerald
Howell, John
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Penning, Mike
Price, Adam
Prisk, Mr. Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel

Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Williams, Hywel
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
James Duddridge and Jeremy Wright

Question accordingly agreed to.
Amendment 74 agreed to.

10.16 pm

Proceedings interrupted (Programme Order, 29 June).

The Chairman put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Programme Order, 29 June, and Standing Order No. 83D).

Clause 5

MPs' FINANCIAL INTERESTS RULES

Amendments made: 75, page 3, line 20, leave out "rules regularly and revise them" and insert

"code regularly and revise it".

Amendment 76, page 3, line 21, leave out "rules" and insert "code".—*(Mr. Blizzard.)*

Amendment 16, page 3, line 21, at end insert:

"( ) the Speaker of the House of Commons".—*(Sir George Young.)*

Mr. Patrick McLoughlin (West Derbyshire) (Con): On a point of order, Sir Michael—

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): Order. We must deal with the votes now.

Mr. McLoughlin: The Front Bench—

The Second Deputy Chairman: Order. It is for the occupant of the Chair to take the voices on these occasions and to decide what to do. As far as I am concerned, the Ayes have it.

Amendments made: 27, in clause 5, page 3, line 23, at end insert

"(ba) members of the House of Commons.".—*(Alan Duncan.)*

Amendment 2, page 3, line 25, leave out "IPSA" and insert "Speaker".—*(Sir George Young.)*

Amendment 77, page 3, line 25, leave out "rules" and insert "code".

Amendment 78, page 3, line 26, leave out subsection (6) and insert

"(6) The code (or revision) does not come into effect until it is approved by a resolution of the House of Commons.".

Amendment 79, page 3, line 28, leave out "rules" and insert "code".—*(Mr. Watts.)*

Amendment 7, page 3, line 30, leave out subsection (8).—*(Sir George Young.)*

Amendment 82, page 3, line 42, leave out "rules" and insert "code".—*(Mr. Straw.)*

Amendment 29, page 4, line 2, after "or", insert "specified".

Amendment 30, page 4, line 4, after "or", insert "specified".—*(Mr. Grieve.)*

Amendment proposed: 73, page 4, line 16, at end add

"(c) to payment as, and hours worked as, a Minister.".—*(Alan Duncan.)*

Question put, That the amendment be made.

The Committee divided: Ayes 201, Noes 288.

Division No. 171] **[10.18 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Clubb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julie
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Leech, Mr. John
Leigh, Mr. Edward
Lewin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm

Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Penning, Mike
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
James Duddridge and Jeremy Wright

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert

Palmer, Dr. Nick
Pearson, Ian
Ptaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Helen Jones and David Wright

Question accordingly negatived.

Clause 5, as amended, ordered to stand part of the Bill.

Clause 11 ordered to stand part of the Bill.

Clause 12

INTERPRETATION

Amendment made: 88, page 8, line 11, leave out 'financial interests rules' and insert

'code of conduct relating to financial interests'.—*(Mr. Blizzard.)*

Clause 12, as amended, ordered to stand part of the Bill.

Clause 13

POWER TO MAKE TRANSITIONAL ETC PROVISION

Amendments made: 89, page 8, line 35, leave out 'contained in rules under section 5(7)' and insert

'included by virtue of section 5(7) in the MPs' code of conduct relating to financial interests'.

Amendment 90, page 8, line 37, leave out 'contained in rules under section 5(8)' and insert

'included by virtue of section 5(8) in the MPs' code of conduct relating to financial interests'.

Amendment 91, page 8, line 39, leave out 'contained in rules under that section' and insert

'included by virtue of section 5(10) in the MPs' code of conduct relating to financial interests'.—*(Mr. Watts.)*

Clause 13, as amended, ordered to stand part of the Bill.

Clause 14 ordered to stand part of the Bill.

To report progress and ask leave to sit again.—*(Mr. Watts.)*

The Deputy Speaker resumed the Chair.

Progress reported; Committee to sit again tomorrow.

Business without Debate

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Michael Lord): With the leave of the House, we shall take motions 3 to 5 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

COMPANIES

That the draft Companies Act 2006 (Part 35) (Consequential Amendments, Transitional Provisions and Savings) Order 2009, which was laid before this House on 14 May, be approved.

That the draft Registrar of Companies and Applications for Striking Off Regulations 2009, which were laid before this House on 14 May, be approved.

FINANCIAL SERVICES AND MARKETS

That the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 2) Order 2009 (S.I., 2009, No. 1389), dated 10 June 2009, a copy of which was laid before this House on 10 June, be approved.—*(Mr. Watts.)*

Question agreed to.

REGULATORY REFORM

Motion made, and Question put forthwith (Standing Order No. 18(1)),

That the draft Legislative Reform (Dangerous Wild Animals) (Licensing) Order 2009, which was laid before this House on 17 June, be approved.—*(Mr. Watts.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

ECONOMIC RECOVERY

That this House takes note of European Union Documents No. 7084/09 and Addendum 1, Commission Communication for the Spring European Council on Driving European Recovery, and No. 10511/09 and Addenda 1 and 2, Commission Communication on European financial supervision; and endorses the Government's approach to the next stages of discussions on how to restore and maintain a stable and reliable financial system.—*(Mr. Watts.)*

Question agreed to.

ADJOURNMENT (SUMMER)

Motion made, and Question put forthwith (Standing Order No. 25),

That this House, at its rising on Tuesday 21 July 2009, do adjourn till Monday 12 October 2009.—*(Mr. Watts.)*

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 1 July (Standing Order No. 41A).

NOTICES OF QUESTIONS ETC DURING SEPTEMBER 2009

Motion made, and Question put forthwith (Standing Order No. 22B(2)),

That the days appointed for the tabling and answering of written questions and for written ministerial statements under Standing Order No. 22B (Notices of questions etc. during September) shall be as follows:

Tabling days

Wednesday 2, Monday 7 and Wednesday 9 September 2009.

Answering days

Wednesday 9, Monday 14 and Wednesday 16 September 2009.—*(Mr. Watts.)*

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 1 July (Standing Order No. 41A).

ESTIMATES

Motion made, and Question put forthwith (Standing Order No. 145),

That this House agrees with the Report [25 June] of the Liaison Committee.—*(Mr. Watts.)*

Question agreed to.

Petition

Taxation (Bingo Clubs)

10.33 pm

Nia Griffith (Llanelli) (Lab): I wish to present a petition from 451 residents of Llanelli and others who use Argos bingo club there. The petition

Declares that the imposition of Gross Profits Tax of 22 per cent. on bingo clubs, compared with a gaming industry average of 15 per cent., is unreasonable and will be damaging to the continued viability of small bingo clubs, which play an important part as centres of the community as well as places of entertainment.

The Petitioners therefore request that the House of Commons approves a Gross Profits Tax maximum rate of 15 per cent. for bingo clubs.

And the Petitioners remain, etc.

[P000386]

Standards Board for England

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Watts.)*

10.34 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I am extremely grateful for the opportunity to debate the Standards Board for England. For those hon. Members who have never come across it, let me say with great sincerity, "Lucky you!" The board is supposed to promote high ethical standards for local government, but in my experience it is an inefficient, expensive and woefully unfair outfit that should be confined to the history books as quickly as possible.

The Standards Board was established on a whim of political correctness. The driving force behind it was that master of oratory, the right hon. Member for Kingston upon Hull, East (Mr. Prescott). He wanted local councillors to behave properly. That is a perfectly worthy goal, but the right hon. Gentleman could be clumsy; he loved to interfere in the natural order of things—and I suspect he still does. So instead of leaving it to the common sense of voters not to elect lunatics, or the common sense of the police to get involved when they had to, the right hon. Gentleman decided to reinvent the wheel. It was a triumph; the wheel was completely square. That is the sad story of the birth of the Standards Board.

It was guaranteed to malfunction because it was designed by idiots. It has turned the act of complaining about councillors into a fabulous spectator sport. Imagine the centre court at Wimbledon where anyone can take a pot shot. That is the system the right hon. Gentleman created: "Complaints are free; why not make one now?"

Several councillors from Bideford in north Devon are still under investigation because they want to scrap prayers before meetings to save time—hallelujah! Do we need to learn the lesson? Even in this place, where one would think we would all know better, the hon. Member for Bishop Auckland (Helen Goodman) recently reported a Lib Dem councillor to the Standards Board for the appalling act of removing a petition from a local post office.

Last year, there were 3,500 different complaints—one for every waking hour of every single day. We are getting this wrong. If there are too many complaints, the staff cannot handle them, which means more people have to be hired and everything slows down. There is only one thing worse than slow justice, and that is no justice. The Standards Board offers both in heaps. It has become an overblown, bureaucratic kangaroo court. It pretends to operate like the Old Bailey, but people should not expect a fair trial, or any help in defending themselves.

The Standards Board has set new standards, and they come in at gutter height. I could illustrate this argument with any number of high profile cases, but I prefer to stick to the one I know best. It concerns a former Somerset county councillor called Paul Buchanan. Adjournment debate groupies may recognise his name—I am sure the Minister does. The case of Paul Buchanan has dragged on for more than two painful years. I have raised it in this House on several occasions. Paul Buchanan was deputy leader of Somerset council's Liberal Democrats. What happened to him speaks volumes about what is wrong with the Standards Board.

[Mr. Ian Liddell-Grainger]

The board was bamboozled and brow-beaten into investigating Paul Buchanan, and all because of one unscrupulous public official: the chief executive of Somerset county council, Mr. Alan Jones. On 4 April 2007, Alan Jones composed a six-page letter of complaint about Paul Buchanan and sent it to the Standards Board for England. It was the work of a deliberate assassin. Paul Buchanan was accused of secretiveness, undermining staff, aggression, threatening behaviour, rudeness, intimidation, anger, disrespect, fraud, sexism, racism, homophobia, and abuse of his office as an elected councillor; not bad for one man—he is almost unique. There is barely concealed hatred of the man in every sentence. Jones did not just want the Standards Board to investigate; he wanted an instant political execution. He asked for then Councillor Paul Buchanan to be suspended there and then, but he did not get that.

The jobsworths at the Standards Board might have been forgiven for thinking that Paul Buchanan was an unstable nutcase with homicidal tendencies. In fact, the really unstable and unsavoury character was, and is, the complainant: Somerset county council's most senior officer. However, wrongly—inexcusably—the Standards Board does not investigate complaints against officers; it cannot. That is another ridiculous gaping hole in its half-baked interpretation of justice.

If anyone's local chief executive is caught bullying staff or paying off his mistress from public funds, the Standards Board will rightly say it is none of its business; it can only investigate councillors, and it was obliged, because of the rules, to launch a full-blown inquiry into Mr. Buchanan. Hundreds of interviews were conducted and thousands of pages of transcripts were churned off the printers, and when it rejected Alan Jones's first batch of complaints, he wasted extra time querying its decision. It was dealing with a deranged obsessive. The first investigator retired, exhausted, halfway through and lawyers came and went. Heaven knows what the cost is—we certainly do not. What was the result? Eventually, 16 of the original complaints were chucked out, four others were referred to a higher court, not a proper court, but another quango; a panel with the pomp of the legal system, but—I say this in this place—none of the fairness. That meant even more uncertainty for Paul Buchanan.

The panel— with a new bench of barristers—finally met in Somerset, and I went along to watch this gladiatorial sport. Key witnesses were called, but few, if any, turned up—most, understandably, did not want to have anything to do with it. The panel upheld one tiny charge: the heinous charge for which Paul Buchanan should have been dragged out and hung was that he had been overheard swearing under his breath. Is that pathetic or was it the crime of the century? I shall let you decide that one, Mr. Deputy Speaker.

What was really behind all this? Why on earth did a chief executive who was earning £160,000 year and who had 17,000 staff and huge responsibilities go to so much trouble to make complaints about what was seen as an ambitious councillor? Mr. Jones's explanation to the Standards Board was beyond belief; he said that Paul Buchanan's behaviour was

"capable of damaging the council's continued improvement and external reputation".

Whoop-de-doo!

That statement would stack up only if the charges against Mr. Buchanan were proved, but they were not and he was acquitted of everything serious, other than the crime of the century of swearing under his breath. We should recall what he was accused of: secretiveness, undermining staff, aggression, threatening behaviour, rudeness, intimidation, anger, disrespect, fraud, sexism, racism, and homophobia. He was probably accused of leaving the loo seat up too. This was simply a personal vendetta.

So why did Jones want to "get" Buchanan and what had Buchanan "got" on Jones? I am sorry if that sounds conspiratorial, but there is a big hint of conspiracy in all this. Mr. Buchanan knew too much. Back in 2005, there was gossip about Alan Jones having an affair with a member of staff called Jenny Hastings. Everybody at county hall knew about this—it was no secret. What Buchanan did not know was that when the affair came to an end Ms Hastings made a serious complaint of sexual harassment against Alan Jones. That is, of course, a sackable offence, and rightly so. The complaint had to be dealt with by a confidential panel of elected members, including the lady who led the council at the time. Halfway through she was taken ill—legitimately so—and Paul Buchanan, the acting leader, took over but he was never told about the inquiry. It was Alan Jones who let the cat out of the bag and he came to plead with Mr. Buchanan to help, but Mr. Buchanan rightly told Mr. Jones that he would not and could not help—big mistake. Unfortunately, Alan Jones has a long memory and he bears grudges.

By the time the leader returned to work it was deemed too dangerous to punish Jones by sacking him—that is perhaps just one of those quirks. Unfortunately, Jenny Hastings was threatening an industrial tribunal, which is a very public way of exposing the antics of her lover, and the Audit Commission was due to inspect the council. There is nothing like a five-star sex scandal to scupper one's chances of an excellent four-star rating, as they say in the best adverts. So, behind closed doors, and with the help of ACAS, a deal was signed to buy Ms Hastings off—that cost £140,000, which is slightly less than the annual pay cheque of the chief executive. Some very large extra payments indeed were made, and in the next couple of years millions of pounds were spent on mysterious "staff restructuring" at Somerset county council.

I do not know the answer to this and I know that the Minister does not either, but I wonder, and we must speculate, whether any of that money helped to buy the silence of those who knew the gory details. Were they given a golden goodbye when they retired?

Paul Buchanan continued as deputy leader, taking a particular interest in the projects that were close to the chief executive's heart, but Mr. Buchanan is no fool. He was apt to ask too many difficult and complicated questions.

The Minister will know of my interest in the development of a joint venture company between Somerset county council, Avon and Somerset Police and IBM—it is well known. The outfit is called Southwest One and I am afraid that it has made a complete hash of things in the county. The computer system does not work, and it cannot place orders or pay bills, let alone—and most importantly—save money for the county. Southwest One is a nightmare, and is the product of Alan Jones's dream of radically improving services.

That is why the incoming Conservative administration—we had great success down there—immediately announced a full inquiry a few weeks ago into the whole sorry mess. They did so independently. The Jones philosophy was "anything goes", which explains how he was able to hire the wife of the Avon and Somerset chief constable to set the thing up in the first place. Sue Barnes, the chief constable's wife, became the Somerset project director without a formal interview and her hubby, Colin Port, is now on the board of Southwest One. I ask the House—is that right?

Paul Buchanan was involved in assessing the merits of the commercial bidders back in 2006. He was—let us remind ourselves—the deputy leader of the council, and he does know one or two things about business. He is a successful businessman. There were three rivals: Capita; British Telecom, for which Mr. Jones got a consultancy in Somerset; and IBM. With millions at stake, such companies spend fortunes polishing their bids. Guess what? They twitch if anybody speaks out of turn. I am sure that we have all had experience of that.

On 12 February 2007, Sue Barnes went to London with Paul Buchanan to meet IBM. My sources in the industry told me at the time that IBM was badly rattled—it thought that it was going to lose the bid. It had heard rumours that Alan Jones had been singing the praises of BT at a late-night drinking session at a conference of chief executives. I forgot to mention that "Big Al" likes to unwind with a glass in his hand and, dare I say it, a pretty woman, but this time he was overheard, unfortunately for him.

Sue Barnes and Paul Buchanan had to go and see IBM and to pour oil on troubled waters so that IBM did not walk away. Otherwise, the whole project would have gone belly up. I have no problem with procurement projects—neither have the Government or the Opposition. We all agree on that point. Within a day or two of that meeting, Jones's attitude to Buchanan changed. He set out to destroy this man's opportunities.

Jones sent a letter to the leader of the council about Buchanan's behaviour and persuaded four senior councillors to sign it. Then, the Lib Dems called a mate—Councillor Richard Kemp—from Liverpool, Mr. Jones's home town. Kemp, as a Liberal, is known as the Jackal. He is deadly, and Jones went to London to give him the ammunition—signed statements from people in and around his office alleging Buchanan's "unspeakable" behaviour. They were probably signed in their own blood, too, for all I know.

I apologise to the House that I am forced to go into detail to explain this yet again, but I do not understand—and I am sure that the House does not—why a chief executive should be immersing himself in the political side of any council. That is not the job or the role of chief executives. They are meant to leave politics to the politicians—and rightly so. Somerset council, with a weak Lib Dem leader on her way out, thought that Mr. Jones could get away with anything and do what he liked. However, the Jackal came to Somerset with a cunning plan. If Buchanan quit as deputy leader, promised to shut up and to accept "mentoring", the charges would be dropped. Mr. Buchanan rightly said, "I'm not going to play." If he had agreed to the Jackal's plan, he would have been accepting his own guilt. As we have proved, he is not guilty of anything other than swearing under his breath.

On 27 March 2007, the Government provided the assassin with a convenient smokescreen. It was the day that they published a list of councils that wanted to become unitary authorities. Unfortunately for us, Somerset was on the list. The Jackal reached for his weapon, fired off an e-mail and went to the Standards Board right away. This was where things came full circle. He wrote:

"It is an ideal time to deal with this because of the Unitary News."

Does that sound familiar? The Jackal was using the old adage, "It is a good day to bury bad news." No serious attempt was ever made to deal with Jones—that was what was meant to happen. Jones wanted to go to the Standards Board; the Jackal pulled the trigger. How times change.

I am sure that many hon. Members will have read the letter from the Jackal that was sent to the relevant Minister some time ago. It is required reading. It is from a Lib Dem, in his own words. He said of the Standards Board:

"There is no evidence that any of these boards have had any effect in improving behavioural standards. There is some evidence that they have encouraged people to make malicious claims about councillors."

That is the Lib Dems' top man, the Jackal. It is a miracle—the very man who specialised in malicious claims against Paul Buchanan has suddenly been converted, falling off his ass on the road to Taunton! At last the Jackal has seen the error of his ways, but it is too late for Paul Buchanan. The very outfit that the Jackal now wants scrapped is still turning the screw.

On 13 July the high court of the Standards Board, the adjudication panel, will meet to have another go at the allegations brought by Alan Jones. The nature of those allegations is quite extraordinary. We must remember that chief executives are immune from the Standards Board, so Mr. Buchanan decided to complain about the behaviour of his chief executive to Somerset county council. He wrote to the county solicitor and detailed a long list of shortcomings—womanising, drunkenness, bullying—and he gave chapter and verse, with all the dates and places. So what does "Big Al" do? He complains about the complaints, to—yes, the Standards Board!

It is true. He says that he is being bullied because someone has complained about him being a bully. It gets better: the Standards Board was obliged, yet again, to call in more lawyers, do more interviews, produce more transcripts and waste more time and money.

The House will be glad to hear that it will all come to a head on 13 July, at the Holiday Inn in Taunton. If people want to see a kangaroo court in action, there is space available and they should head down to Taunton. However, anyone expecting that the chief witness in this case would be none other than "Big Al" himself would be wrong. Mr. Cowardy Custard from county hall does not fancy being cross-examined, and I wonder why. He would much prefer to avoid all questions, about basically anything. He has reduced a tough TV producer to tears. I know, because she worked for ITV and she stopped on the motorway to ring me and complain.

I am afraid that Mr. Jones' reputation is bad, but this time the kangaroo court that is the panel will not be asking him to attend. I think that that is appalling. In other words, Mr. Buchanan is expected to prove that he did not bully the chief executive without the chief

[Mr. Ian Liddell-Grainger]

executive showing up in court to give evidence, because he cannot be forced to do so. The panel might as well go back to the days of the ducking stool, and I think that we know what that feels like. A person is tied to a chair and lowered into a pond: if that person drowns, he or she is innocent; if not, he or she must be a witch and so gets executed. Good old Somerset!

What makes it doubly ridiculous is that Paul Buchanan is no longer a councillor and never wants to be one again. And what is the worst punishment available to the panel? They can ban him from being a councillor, even though he is not one. This is all too much.

The Standards Board has become a joke, and a very bad joke at that. It is about as much use as a fireproof match or an inflatable anchor. In a dotty effort to improve its awful public image, many of its powers have now been handed back to local councils, and that has made things much worse.

If Paul Buchanan were a councillor today and fresh complaints were made about him by Alan Jones, then the judge and jury would be Alan Jones himself. Personally, I would not want to be cast away on a desert island with Mr. Jones. I quote again from the Jackal, who said:

"The standard of decisions that are made by council officers...relating to standards issues is diabolically low".

I shall leave it there, Mr. Deputy Speaker, as I need say no more.

10.53 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Ian Austin): This debate gives me the opportunity to discuss the conduct regime for local authority members in general, and the work of the Standards Board for England and the Adjudication Panel for England in particular. It allows me to make clear the vital roles that both bodies have in ensuring that high standards of conduct are maintained by local authority members, and it also affords me the opportunity to put on record once again this Government's support for the conduct regime for local authority members, the Standards Board for England and the Adjudication Panel for England.

The views of the hon. Member for Bridgwater (Mr. Liddell-Grainger) about the Standards Board for England are a matter of record. Indeed, on 21 April he secured an Adjournment debate in which he spoke at length about the board. It is obviously a body that he feels strongly about, as he has taken the trouble to secure another Adjournment debate to discuss it again.

I want to speak about the work of the Standards Board for England and the Adjudication Panel for England, but I should make it clear from the outset that I am not able to intervene in individual cases. It is right that this is so, as it guarantees the impartiality of both the conduct regime and the investigation process. Equally, I am not going to comment on, or engage in debate about, any specific ongoing issue.

In this country, we have naturally high standards of probity, accountability and objectivity. Our expectations of behaviour demand a conduct regime that is serious, reasonable, robust and fair—fair to the public, and to all in public life. That applies as much to those elected to local authorities as it does to Members of this House.

The conduct regime is underpinned by the code of conduct for local authority members, enforced through local authority standards committees and regulated by the Standards Board for England. It gives a clear ethical framework for local authority members to work within and makes clear to the electorate the standards of behaviour that they can expect from those whom they vote into office.

In 2007 a revised model code of conduct for local authority members was issued, providing a yet clearer, simpler and more proportionate code for members. This code removed barriers to members being able to speak up for those whom they represent, for example on planning and licensing issues, and has been well received by the local government world. It is this code that all local authorities have followed in their own codes by which their members must abide.

Late last year, my Department consulted on proposed revisions to the code of conduct. We have received over 1,000 responses to the consultation, clearly indicating the level of interest in this subject. We are in the process of finalising our consideration of the consultation responses, and the Government will be making their response to the consultation in due course. This same consultation asked for views on the possible introduction of a code of conduct for local authority employees, and I know that the hon. Gentleman showed interest in this matter the last time the conduct regime was debated here, as he has done again this evening.

Of course, many local authorities already have their own codes of conduct, but introducing a model code, which would effectively be built into the terms and conditions of each local government employee, is not something to be done lightly or without extensive further consultation with the local government sector. I will not say more on this issue because I do not wish to prejudge the outcome of the consultation process.

In May last year, the Government fulfilled their White Paper commitment to introduce, as recommended by the Committee on Standards in Public Life, a more locally based conduct regime for members and co-opted members of local authorities in England. Devolving responsibility for conduct issues to local authorities provides them with greater ownership of the conduct regime and local conduct issues and boosts their role in promoting and maintaining a culture of high standards of behaviour in local authorities. This belief is shared by the local government world.

The Standards Board for England, which until this point had been responsible for investigating alleged breaches of the code of conduct, assumed its new responsibility as the strategic regulator of local authority standards committees, responsible for monitoring their performance and issuing guidance on the conduct regime. The Standards Board continues to investigate the most serious allegations of misconduct. So let us be clear that the regime in place accords with the recommendations of the Committee on Standards in Public Life, including its recommendation of establishing a more locally based decision-making regime for the investigation and determination of all but the most serious of misconduct allegations, but with the Standards Board at the centre of the revised regime with a new strategic, regulatory role to ensure consistency of standards. If hon. Members are challenging this, they are challenging the recommendations of the Committee on Standards in Public Life, which

recently approached the Standards Board for England for advice on how a successful, robust and transparent conduct regime operates.

The Standards Board for England continues to grow in its new role as strategic regulator. Earlier this month it was granted powers to engage with local authorities where there was a problem with how the conduct regime is operating. The board has the ability to suspend the operation of a local authority standards committee, either taking on its operation itself or asking another local authority to do so, while the board works with the authority to resolve any problems prior to allowing the standards committee to begin functioning again.

If, following the investigation of alleged misconduct, the allegation is founded and misconduct has occurred, it is usually the case that the standards committee of the local authority concerned determines how the misconduct is dealt with and what sanction to apply. Measures can extend from training for the party involved or having to make a simple apology, through to being suspended from office. If it is determined that the breach of the conduct regime is serious, then the standards committee or the Standards Board for England may refer the case to the Adjudication Panel for England for sanction.

The Adjudication Panel for England is an independent judicial tribunal established by the Local Government Act 2000 as a disciplinary body to hear and determine references concerning the conduct of local authority councillors. The sanctions available to the panel include suspension from office or disqualification from office for up to five years. The panel may also simply choose to censure a councillor who has breached the code.

Let me turn now to the subject of investigations. Prior to the introduction of the new regime, it was for the Standards Board for England to assess and if necessary investigate the some 3,500 allegations made about the behaviour of councillors every year. Under the devolved regime, the Standards Board investigates only the most serious of allegations. I realise that the process can be trying for those who are subject to an allegation that takes some time to investigate and resolve. Investigations can become protracted for a number of reasons. Some cases are complex and require the collection of evidence from a number of witnesses. In addition, fresh evidence may come to light during the investigative process. Unfortunately, we must also consider the fact that investigation can be protracted by the malicious behaviour of the subject or subjects of the allegation, who may have reason to fear the outcome of the investigation.

Serious allegations merit thorough investigation, and where the finding is that there has been a serious breach of the code of conduct, the Adjudication Panel for England will issue the appropriate sanction. Since December 2008, an ethical standards officer at the Standards Board for England has had the power to withdraw cases that have been referred to the Adjudication Panel for hearing in certain specific circumstances. They might do so, for example, when the matter is revealed to be less serious than it had first appeared. Of course, circumstances may change between a matter being referred to the Adjudication Panel and the hearing of the panel. For instance, a local authority member may stand down or may lose his or her seat in a local authority election. However, that in itself is no reason to not go ahead with a hearing by the panel.

There is a clear public interest argument to be made. If a local authority member breaks the code, they should not be able to walk away from the consequences of their actions simply by resigning, or losing, their seat. The Adjudication Panel has powers, including the power to ban a person from being a local authority member in any local authority for up to five years, for a reason. Such a sanction prevents somebody from simply standing down and then standing elsewhere, or indeed standing again in the same authority. In addition, that power gives an assurance to whoever brought the allegation that they will see redress if the case requires it. Let us also remember that the panel deals with serious breaches of the code. Issues such as bullying can have a real impact on people's lives, and it is right that such behaviour should be addressed.

It is important that a member who ceases to be a councillor should have the opportunity to clear their name of a serious allegation. That is why we consider it important that an investigation into allegations should move to a conclusion, unless there is a good reason why the process should cease. An essential part of investigation is the collection of evidence, and I would like to take this opportunity to address the issue of evidence and the public domain. To be clear, evidence transcripts are not in the public domain. Witnesses will have the opportunity to check their transcripts, and the member who is the subject of the investigation will have the opportunity to see all transcripts, if they form part of the evidence bundle, in order to check for accuracy.

When the evidence is provided, all those concerned are reminded of their obligations under section 63 of the Local Government Act 2000, which requires that information obtained by the Standards Board's ethical standards officers during an investigation is not to be disclosed unless one or more specific conditions, such as consent by the individuals concerned, are met. Anyone disclosing information in contravention of the Act is guilty of an offence. At a hearing, the public are not given transcripts. If they make a request, they are given a summary of relevant evidence, and some of the information from the transcripts may be in that summary. The summary itself will be referred to in open hearing.

Let us be clear that the vast majority of local authority members observe the high standards of behaviour that the electorate rightly expect from them, but a robust conduct regime is absolutely necessary to provide redress when the code of conduct is not observed. The Standards Board for England needs to be there not just to provide regulation for the standards committees that enforce the code of conduct, but to continue to supply advice, support and training to local authority members to ensure that they continue to work within the conduct regime.

Finally, we absolutely understand that investigations, and their outcomes, affect the lives of all those concerned in them. We know that politicians trade in the currency of trust, and that trust is hard to build and harder to regain. However, we are also convinced of the need for a conduct regime that is robust, reasonable and proportionate, and that provides a framework to work within, and an enforcement method to deal with those who are guilty of misconduct. A robust, fair and transparent conduct regime is vital to maintain confidence in democracy, just as the Standards Board for England is vital to the conduct regime.

Question put and agreed to.

11.3 pm

House adjourned.

House of Commons

Wednesday 1 July 2009

The House met at half-past Eleven o'clock.

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CABINET OFFICE

The Minister for the Cabinet Office was asked—

Civil Service Reform

1. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent representations she has received on reform of the civil service. [283134]

The Minister for the Cabinet Office and for the Olympics, and Paymaster General (Tessa Jowell): I have not received any specific representations on civil service reform, but this House knows that we remain committed to ensuring that the civil service is transparent and accountable and delivers the maximum value for every public pound of investment.

David Taylor: For civil service reforms to have an impact outside Whitehall, we need fuller information about the activities of senior civil servants. The delayed publication of the 2007 hospitality lists was just a start. Should we not, for example, place in the public domain permanent secretaries' diaries? Would that not help to create the sort of transparency that the public expect nowadays from unelected officials, and help to refresh the machinery of government as part of real constitutional renewal?

Tessa Jowell: I know of my hon. Friend's interest in the issue, and he will know about the commitment to transparency in publishing all details of senior civil service hospitality and expenses. He will also know that the Cabinet Secretary yesterday took the first step in publishing his own expenses, a move that was warmly welcomed by the chairman of the Committee on Standards in Public Life.

Mr. David Evennett (Bexleyheath and Crayford) (Con): Does the Minister believe that it is proper that when the civil service code is drafted it should be scrutinised by Parliament as part of a Bill, rather than as secondary legislation?

Tessa Jowell: The hon. Gentleman will know that the Government are committed to placing the civil service code on a statutory basis. That forms part of the Constitutional Renewal Bill that will come before the House. As with all these things, the challenge is to find legislative time, but the important point is that the civil service has taken very substantial steps to improve and to enhance accountability without legislation, and that is to be welcomed.

Dr. Tony Wright (Cannock Chase) (Lab): Should we not warmly congratulate the Cabinet Secretary on publishing his own expenses, and also those of all top senior civil servants, and is that not an example to the wider public sector?

Tessa Jowell: I entirely agree with my hon. Friend.

Mr. Francis Maude (Horsham) (Con): It is a pleasure to congratulate the Paymaster General and the Minister of State on their appointments. We look forward to having many fruitful discussions both across the Dispatch Box and elsewhere.

A report in May by PricewaterhouseCoopers found that finance directors in central Government Departments do not "have a pivotal place" at the public sector "top table" and

"their boards have a mixed appetite for transparency in financial decisions".

In light of the crying need for greater efficiency in the face of Britain's worsening public finances, does the Minister agree that the status and authority of such finance directors need to be raised to the same level as that which they enjoy in the private sector?

Tessa Jowell: I thank the right hon. Gentleman for his kind words, and I entirely agree with his sentiment. The value-for-money discipline that the finance director ultimately oversees needs to be a cultural discipline in Government Departments, promoted in every possible way with maximum transparency. I would also draw to his attention and underline, however, the success of the savings made by central Government through the civil service as a result of the Gershon review: £26 billion worth of savings have been made, with plans for a further £35 billion worth of savings, in order that we can continue to invest in public services as we believe the public wish.

Mr. Maude: We are familiar with the numbers that the Paymaster General has just read out, but we are slightly less convinced about their relationship with the reality of efficiencies actually delivered. Will she confirm that the now much delayed Constitutional Renewal Bill will include provisions that were in the draft Civil Service Bill, which was promised for more than a decade but still has not seen the light of day in Parliament? Will the Constitutional Renewal Bill contain provisions on special advisers? Given the corrosive effect of some special advisers on the quality and integrity of government, should not the Bill place a cap on their number and reassert in law that their role is to advise Ministers and not to direct the civil service—or does the fact that Damian McBride is apparently still in contact with Ministers just go to show that a change of culture within Whitehall will not happen without a change of Government?

Tessa Jowell: If the right hon. Gentleman is going to make assertions such as the one he made in relation to Damian McBride, he needs to provide some evidence. The important step the Government have taken has been to publish—the Prime Minister has been absolutely unequivocal about this—a code for special advisers,

which was very recently updated to underline with absolute clarity special advisers' responsibilities. I would just add that it is very easy to abuse special advisers as a category on the basis of the bad behaviour of a tiny minority, but in my view they greatly enhance the effective working of government, and that should be welcomed.

Business Disruption Plans

2. **Lorely Burt** (Solihull) (LD): What steps her Department is taking as part of its civil contingencies responsibilities to increase the proportion of small businesses which have a business disruption plan. [283135]

The Minister for the Cabinet Office and for the Olympics, and Paymaster General (Tessa Jowell): The Civil Contingencies Act 2004 places a duty on local authorities to provide business continuity advice, which ensures that advice reflects local conditions at times of emergency and meets local needs. To support that work, the Government have set up a business continuity advice line and in 2008 we published a national risk register to encourage organisations to prepare for the impact of business disruption. In addition, we are supporting the quality of that advice by the adoption of a British standard for business continuity.

Lorely Burt: In March, a Cabinet Office survey found that the proportion of small businesses that had a business continuity plan fell from 25 per cent. to only 14 per cent. The possibility of allowing a premium discount with insurers was being considered to see whether that would reverse the trend in respect of companies that had a business disruption plan. Will the Minister say whether she agrees with that strategy and how far the Cabinet Office has got with that investigation?

Tessa Jowell: It is clearly the responsibility of local authorities to pursue that policy with their small businesses and through their local organisations. However, the figures to which the hon. Lady refers rightly give cause for concern, and I am happy to write to her further about that matter.

Voluntary Sector

3. **John Robertson** (Glasgow, North-West) (Lab): What assessment she has made of the effects of the economic downturn on the financial viability of the voluntary sector; and if she will make a statement. [283137]

The Minister of State, Cabinet Office (Angela E. Smith): We recognise that there is a double challenge for the sector during the economic downturn: not only is there an increased demand for services, but there are concerns about financial viability. In response, we have devised a significant package of support for the third sector comprising up to £42.5 million of targeted support, which is delivering real help now, when it is needed, and the £16.7 million hardship fund announced in the Budget in April. In addition, the sector will have a share in the £1.2 billion future jobs fund. That is a comprehensive package of measures. It includes support for volunteers, grants for small organisations and social enterprises, support for jobs and loans to assist partnership working.

John Robertson: I thank my right hon. Friend for her extensive answer and I welcome her to her post. Does she realise that some people, particularly those with economic problems and the charities that deal with such problems, are encountering more difficulties than others? As money is being filtered into the Olympics as well, such people are finding it very hard to make ends meet these days. What additional help can be given to those people, particularly those who are having problems balancing their house budgets?

Angela E. Smith: It was an extensive answer because it is an extensive package of support. The two key things that I should point out to my hon. Friend are the £42 million-plus package, which will support in various ways those organisations facing difficulties because of the recession, and the hardship fund. That will apply in a number of different ways, and charities and voluntary organisations will find it very useful. In addition, £515 million of support is available generally from the Office of the Third Sector. All those things coming together will provide significant help through these difficult times.

Robert Key (Salisbury) (Con): Please will the Minister make an assessment of the impact, during the economic downturn, on charities and others of the area charging regime used by water companies? The rain tax is having a substantial impact across the country. There is not a charitable organisation in my constituency, be it a charity shop, a scout group, a church or any other voluntary group, that is not being adversely affected by the tax.

Angela E. Smith: I certainly understand the point that the hon. Gentleman makes, because all of us, as individual Members of Parliament, receive correspondence from a wide range of organisations in our constituencies. I understand that this matter is being examined by the regulators and that Ministers have been talking to them in order to look into it.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): Will my right hon. Friend find time to examine the proposal made only a few months ago—I understand that it is still subject to detailed evaluation in her Department—for lifetime legacies to be brought into the field of charitable giving? That would make a big difference at a time of great difficulty for charities.

Angela E. Smith: My hon. Friend makes a valuable point. I know that other countries, in particular the United States, have taken on board lifetime legacies in a significant way. I shall look into the matter, because we want to ensure that charities, the voluntary sector and the third sector as a whole can access support when they need it. That is one area that we can consider.

Mr. Nick Hurd (Ruislip-Northwood) (Con): May I press the new Minister for a better answer to the question put by my hon. Friend the Member for Salisbury (Robert Key)? Church groups, scout groups and sports clubs face crippling hikes in their water bills as a result of the proposed changes. Three months ago, I asked the previous Minister whether he would consider a moratorium, at least until an impact assessment was carried out. He said that he would speak to colleagues across Government, but we have heard nothing and time is running out. In

welcoming the members of the new team, may I ask them what their view is? Will they consider a moratorium or the idea of a special social tariff, or will they continue the policy of doing nothing?

Angela E. Smith: That is an interesting question from the party that privatised the water industry, which has had a direct impact on the bills that are being seen today. After three weeks in office, I do not have a final answer for the hon. Gentleman and I am sure that he will understand that I want to look into the matter. We understand the concerns that have been raised and we are talking to colleagues in Government and the regulators about the issue.

Natascha Engel (North-East Derbyshire) (Lab): My right hon. Friend will be aware that among the hardest hit by the recession are young people. How will the hardship fund in particular, and the voluntary sector in general, help young people to obtain the necessary skills that they need to get through the recession and find much needed jobs at the end of it?

Angela E. Smith: My hon. Friend has hit on a key point. By volunteering or becoming involved in the third sector, people gain skills that help them into employment. For young people specifically, I would point her to the charity v, which has significant funding from the Government and is building a database of volunteering opportunities for young people. Many of those enable young people to gain skills that will lead them into work. V also provides support to ensure that volunteering is an activity that builds new skills.

Democratic Renewal

4. **Mr. David Heathcoat-Amory** (Wells) (Con): What discussions she has had with ministerial colleagues on co-ordination of Government policy on democratic renewal. [283139]

The Minister for the Cabinet Office and for the Olympics, and Paymaster General (Tessa Jowell): As the right hon. Gentleman will be aware, there have been extensive ministerial discussions about democratic renewal. The Prime Minister has announced the creation of a new democratic renewal council to drive forward the Government's commitment to further reform. We have already introduced the Parliamentary Standards Bill and published our draft legislative programme, which includes the Constitutional Renewal Bill.

Mr. Heathcoat-Amory: The Minister mentioned the Prime Minister. Is she aware that he wrote two letters in March to Sir Christopher Kelly and the Committee on Standards in Public Life, asking the committee to look into the whole question of Members' remuneration, allowances and outside interests, covering what the Prime Minister called "the full picture"? Why then are the Government rushing through the House a Bill on the constitution that deals with precisely those matters before Sir Christopher Kelly's recommendations? Is not this all about bad government and saving the Prime Minister's political skin?

Tessa Jowell: No, the Prime Minister's sole concern is to restore public confidence in politics and the way in which this House and Members conduct their business. That is why he took the initiative, in the light of all the expenses revelations, to bring forward specific proposals. He has made it clear that Sir Christopher Kelly's inquiry is independent and that we will accept its recommendations when they are published in the autumn. However, it was clear that the public wanted action now, and the Prime Minister and the Government have acted on that.

Mr. Gregory Campbell (East Londonderry) (DUP): Does the Paymaster General agree that it is most unfortunate that Sir Christopher Kelly's inquiry, ranging as it does across all aspects of the House, has chosen today to be in Northern Ireland, when it is Prime Minister's questions and the majority of Members from Northern Ireland are likely to be here? I hope that it is not a harbinger of things to come in terms of Members' access to the inquiry.

Tessa Jowell: As Sir Christopher Kelly is the independent chairman of that independent inquiry, he is free to make the arrangements that he needs to make to take the views of the public in every area of the United Kingdom, and I am sure that we all welcome that. I am sure that he will learn a lot from the feedback of the people of Northern Ireland today.

Mr. Jim Devine (Livingston) (Lab): Will my right hon. Friend, as part of this discussion about democratic renewal, include the abolition of the Act of Settlement, which is simply legalised sectarianism and has no role in the 21st century?

Tessa Jowell: I do not think that I would be being candid with my hon. Friend were I not to say that that is not part of the provisions of the draft Constitutional Renewal Bill.

Jenny Willott (Cardiff, Central) (LD): While I welcome the Government's new-found desire for democratic reform, the National Democratic Renewal Council—a closed Cabinet Sub-Committee made up solely of Labour Members and therefore neither national nor democratic—is possibly the worst way to do that. Will the new ministerial team reconsider that secrecy and, instead, set up a citizens convention to ensure the widest possible public involvement and support?

Tessa Jowell: The National Democratic Renewal Council is part of the machinery of government, and the hon. Lady is absolutely right to say that the relevant Ministers and Secretaries of State sit on it. However, it is associated with a wider, more extensive and deeper commitment to engagement with the public in debating these issues than has ever been the case before. I am quite sure that proper consideration will be given to the arguments not just for a citizens commission—an argument with which I am familiar—but for other forms of sustained public engagement that will shape the conclusions of the consultation.

Charities (Economic Downturn)

5. **Julie Morgan** (Cardiff, North) (Lab): What recent assessment she has made of the effects of the economic situation on the charitable sector. [283142]

The Minister of State, Cabinet Office (Angela E. Smith): I refer my hon. Friend to the answer I gave to my hon. Friend the Member for Glasgow, North-West (John Robertson). The recession affects different organisations in many different ways, and that is why we have provided a significant package of support that has different elements to it—support for volunteers, grants for small organisations, social enterprises and support for jobs, as well as loans to assist partnership working.

Julie Morgan: I thank the Minister for her reply. On Monday, Cancer Care Cymru, which is a local charity based in my constituency and which funds specialist cancer nurses to work closely with people who are suffering from cancer and receiving treatment in the NHS, announced that it was closing because of a slump in fundraising. That is a terrible loss for people suffering from cancer in the Cardiff area. What can we do on a general level to help to stop such closures?

Angela E. Smith: My hon. Friend has raised a very serious issue, which could be happening in different places, but I recommend that she looks at the different funding that is available. First, I recommend the hardship fund that will be in place at the end of this month. I also suggest that she looks at the package of £42 million that is available to provide real help now, and she might find that there is a way there to help the local community. Support is also being given through the National Council for Voluntary Organisations to help organisations with things such as fundraising, because that is key for things such as cancer care. She might find that there is some support there that she can talk to the NCVO about, so that her charity can get some extra support with fundraising, too.

Ann Winterton (Congleton) (Con): Is the Minister aware that the very hardest hit in the charitable sector are the small charities that provide services that are much valued locally and that will not be provided by any of the statutory or larger organisations? I am referring to small charities such as the young mental health charity in my constituency. What advice can she give Members of Parliament and others to try to help these small charities to survive the present recession?

Angela E. Smith: The hon. Lady makes a significant point. It is often the smallest charities that make a real difference to people's lives on the ground. May I direct her to the funding that is available through the grassroots grants? About £130 million is available that is issued locally. In her area, there will be a department of a third sector organisation issuing those funds in sums of anything from £5,000 to a few hundred pounds. On the ground, that can make a real difference. If she has any problems, I ask her please to come to me, and we can direct her to the funding in her area.

Albert Owen (Ynys Môn) (Lab): The Royal National Lifeboat Institution relies totally on donations from the public. I declare an interest as a member of its national council. One of the burdens that it faces in this recession, and has faced throughout its existence, is the VAT that it has to pay on equipment and fittings. Will the Minister take that matter up with colleagues in other Departments to try to get some sort of exemption so that the RNLI can carry out its work on behalf of us all?

Angela E. Smith: I pay tribute to the RNLI for its work. In a previous life, I met its representatives on many occasions. This is a matter for the Treasury, but we will draw my hon. Friend's comments to the attention of Treasury Ministers—*[Interruption.]*

Mr. Speaker: Order. There is quite a hubbub of private conversations taking place, and I note that some of the people busily chattering away have already had the good fortune to ask a question. I hope that they will extend a similar courtesy to others.

Community Asset Transfers

6. **Mr. Graham Stuart** (Beverley and Holderness) (Con): What steps her Department is taking to facilitate community asset transfers. [283143]

The Minister of State, Cabinet Office (Angela E. Smith): The stronger and more sustainable third sector organisations are, the better they can help to build stronger and more resilient communities. To that end, my Department is funding a £30 million community assets programme and we are working with the Big Lottery Fund to refurbish underused buildings in 38 communities across England. We are also working across Government to invest in community assets: for example, the Department for Communities and Local Government has invested in the £70 million Communitybuilders programme.

Mr. Stuart: I thank the Minister for her reply, but will she say what assessment she has made of the effectiveness of the Big Lottery Fund in administering the scheme?

Angela E. Smith: The scheme got off to a slow start because the work had to be put in place, but we now have 38 different organisations receiving significant grants from the Big Lottery Fund. Those grants will make a real difference on the ground, and I am pleased with how matters are now progressing.

Joan Walley (Stoke-on-Trent, North) (Lab): In my constituency, the local council wants to transfer the assets of community centres to the local community. However, is my right hon. Friend aware that the people running centres such as the Norton community centre do not want the responsibility of taking on contractual and employment liabilities?

Angela E. Smith: My hon. Friend raises an issue that concerns many people. When we talk about community asset transfers, we are talking about the Government putting in money to support organisations and communities. The will to do that has come from the communities themselves. With community asset transfers, the liability is transferred not to the community but to an asset. Local councils must realise that the scheme is funded by the Government for local communities. It must not be forced on local communities, but should be carried out with their co-operation and direction.

Third Sector Funding

7. **Mr. Stewart Jackson** (Peterborough) (Con): How much funding her Department has allocated to charities and the voluntary sector from the (a) Capacitybuilders and (b) Communitybuilders fund in the last 12 months. [283144]

The Minister of State, Cabinet Office (Angela E. Smith): In the last financial year, Capacitybuilders allocated over £24 million to charities and voluntary sector organisations. Communitybuilders was announced in the Department for Communities and Local Government White Paper "Communities in Control" in July 2008. As planned, the programme will be open for applications this summer, and its national partner will be the Adventure Capital Fund.

Mr. Jackson: Will the Minister say what progress has been made with the reform of gift aid?

Angela E. Smith: The gift aid programme is making good progress, and it gives charities a significant amount of additional money. A recent specific reform is that the profits generated when goods given to charity shops are sold can be donated as gift aid to the organisations involved. There is further work to be done with gift aid, and I understand that the Treasury is looking at it at the moment, in consultation with Ministers.

Grassroots Grants

8. **Mr. Anthony Steen** (Totnes) (Con): What criteria her Department uses to allocate Grassroots grants to local community organisations. [283145]

The Minister of State, Cabinet Office (Angela E. Smith): The grassroots grants scheme is worth £130 million and provides small grants and endowments for local community groups. The beauty of the programme is that local communities make the funding decisions, based on local priorities. So far, almost 10,000 grants have been awarded, to the benefit of many organisations that had not benefited before. The criteria set by the Government are that the recipients are bona fide third sector organisations with an income below £30,000, that they meet the needs of the local community and that they are driven by committed local volunteers.

Mr. Steen: The number of children trafficked into Britain is increasing. The police cannot cope, and local authorities are finding that the children abscond from their homes. Why will the Government support local, voluntary and community groups more, as they can provide guardianship, legal advice and support for children in distress? I hope that the Minister does not mention the POPPY project, as that deals only with adults. Why are the Government not supporting voluntary and community effort more, when the public sector is failing?

Angela E. Smith: I am not aware of any applications under the grassroots fund for the sort of organisations that the hon. Gentleman has referred to. However, the money in the grassroots fund has been well received, and we will be happy to look at applications from any organisation.

Charities (Economic Downturn)

9. **Mr. Philip Hollobone** (Kettering) (Con): What steps the Government have taken to assist charities that have been affected by the failure of Icelandic banks; and if she will make a statement. [283146]

The Minister of State, Cabinet Office (Angela E. Smith): The Government have taken unprecedented steps to help third sector organisations affected by all aspects of the international economic crisis. We have listened to the sector, including those organisations affected by the Icelandic banking collapse. The packages announced in the real help for communities fund and the more recently announced hardship fund total £59 million. That clearly demonstrates our commitment to supporting the sector through difficult times.

Mr. Hollobone: A large number of charities have had their assets frozen as a result of the Icelandic banking collapse. Why have the Government ignored the Treasury Committee's recommendation for compensation, and will the Government consider establishing a short-term Treasury loan fund to help out sound charities facing genuine hardship? *[Interruption.]*

Mr. Speaker: Order. Can we have a bit of hush, so that we can hear the Minister's reply?

Angela E. Smith: The Government are doing an enormous, unprecedented amount to help charities and voluntary sector organisations that are facing difficulties in the recession. The hon. Gentleman outlined the situation facing one group of organisations. I have to say to him that it would be difficult to single out one particular organisation or reason. The hardship fund that is in place, which is real help now, is a greater package than has ever been in place to help charities through difficult times. It has never been matched by any previous Government.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Will my right hon. Friend congratulate the beloved Christie cancer hospital in Manchester on its successful campaign to obtain a refund of charity money lost following the collapse of an Icelandic bank? Will she thank the Government for arranging that refund, and will she congratulate Lord Bradley on heading that successful campaign?

Angela E. Smith: Everyone is always pleased—indeed, the Prime Minister has said so himself—when organisations that are in difficulties gain support. The refund was a local decision, taken by NHS North West, responding to a local need. We are all very pleased to see Christie getting the support that it deserves.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [283119] **Bob Spink** (Castle Point) (Ind): If he will list his official engagements for Wednesday 1 July.

The Prime Minister (Mr. Gordon Brown): With your permission, Mr. Speaker, the whole House will wish to join me in welcoming today Her Majesty the Queen's approval for a new form of recognition for the families of those members of the armed forces killed on operations and as a result of terrorism. Her Majesty will be making

an announcement today, directly to the families of armed forces personnel, in which she will make clear her personal attachment to the new recognition. I am confident that that will be a very special and fitting tribute indeed to the great debt that we owe to all those who die on operations, and to the enduring loss shouldered by their families.

This morning I met ministerial colleagues and others. I shall have further such meetings later today.

Bob Spink: Our armed forces are the bravest and the best in the world, and in the armed forces day celebrations on Saturday the people showed how much they love and respect them.

May I ask the Prime Minister about swine flu? A number of people in Castle Point—adults and children—have tested positive, and the local campaigning newspaper, the *Echo*, is keen to reassure people that progress is being made. What will he do next to tackle the problem?

The Prime Minister: I share with the hon. Gentleman the respect that he has stated for our armed forces, and for the armed forces day on Saturday, when thousands of people in all parts of the country wanted to give recognition—deserved recognition—to the work that our armed forces do every day.

The hon. Gentleman raises the question of swine flu. He may know that we have had an emergency meeting of the Cobra group—the civil contingencies secretariat—today to look at the incidence of the disease. I have to report to the House that the total number of confirmed cases for the UK now stands at 6,538. That compares with just 2,236 last week. That large rise in numbers of confirmed cases means that a more flexible and local approach will be used in areas where there are higher numbers of cases reported. The Health Protection Agency, in conjunction with the NHS, is doing excellent work to limit the spread of the virus. We continue to monitor the situation closely, making sure that arrangements are in place so that the UK remains well placed to deal with the pandemic. We will adapt those arrangements as the situation changes, and my right hon. Friend the Health Secretary will make a statement to this House tomorrow on the outcome of our deliberations.

Mr. Jim McGovern (Dundee, West) (Lab): I welcome what the Prime Minister said about the armed forces. My grandfather, Hugh MacDonald, served in the Black Watch during the second world war. He is buried in the Black Watch section of the military cemetery in Gibraltar. The House will excuse me for using Scottish vernacular, but I fear that he might be birling in his grave at the thought that the famous red hackle of the Black Watch may be no more. What assurances can the Prime Minister give, not only to me but to serving personnel and veterans, whom I met on Saturday, that the Black Watch red hackle will remain the symbol of the Black Watch?

The Prime Minister: I, too, met Black Watch servicemen on Saturday and people who have contributed greatly to our armed forces. I can assure my hon. Friend that the tradition that he talks about will be maintained as long as the Army exists.

Mr. David Cameron (Witney) (Con): I welcome what the Prime Minister said, and I agree with him about the Queen's new recognition for our armed forces—we should all be incredibly proud of what they do on our behalf.

Last week, it was demonstrated for everyone to see that capital spending under Labour will be cut. Now I want to turn to total spending. Does the Prime Minister accept that his own figures show that once the Treasury's forecast for inflation is taken into account, total spending will be cut after 2011?

The Prime Minister: No, total spending will continue to rise, and it will be a zero per cent. rise in 2013-14. In 2011-12 and 2012-13, it will continue to rise—*[Interruption.]*

Mr. Speaker: Order. The Prime Minister's answer must be heard.

Mr. Cameron: I think that that answer gets zero per cent. The Prime Minister said very clearly no, it will rise, so can he explain a copy of a Treasury presentation that was given to us? On page 7, there are headings for current spending and capital spending, and the headline says very clearly: "Reduction in medium-term spending". May I ask the Prime Minister, if even the Treasury is giving presentations around the country saying that public spending as a total is being cut, why cannot he admit to the truth?

The Prime Minister: I have told the right hon. Gentleman previously that current spending is going to rise, and that capital spending, as I explained last week, will fall after 2011. These are the public spending projections for the future, but I have to tell him that the debate about public spending is about how we return to growth and jobs in the economy. The reason we have advanced spending to 2009-10 is so that we can spend to get out of recession. We put forward proposals for homes and jobs, and for more money in 2009-10. The Opposition have rejected this expenditure. We have put forward proposals for expenditure in 2010-11—increasing expenditure, and the Opposition have rejected that.

The capital spending that we have advanced to 2009-10 and 2010-11 is therefore not available after 2011. This is precisely the way in which a Government will act to take the country out of recession, and I must therefore ask the right hon. Gentleman why—*[Interruption.]* Oh yes. His shadow Chancellor should explain why he was going into television studios yesterday saying that he was going to cut schools now, cut Sure Start now, cut the September guarantee for school leavers now, and do nothing about unemployment. That is surely the issue: we cannot get out of recession unless we spend now on the services that we need.

Mr. Cameron: Today we see a Prime Minister in full retreat. In the first answer, he says that we are going to get a zero per cent. increase in public spending—that is a new one. In the second answer, he finally admits that he is going to cut, and cut deeply, capital spending. He talks about the debate about public spending: the debate is about whether the Prime Minister can be straight with the British public. Let me ask him again. He stood at the Dispatch Box and talked about total spending year after year—that is the figure that people are interested in. As the Treasury itself says, when it comes to total spending, there is a reduction, not a freeze, in medium-term spending—I am glad that the Prime Minister is talking to the Chancellor for the first time in weeks—and given that it is talking about a cut, will the Prime Minister stand there, give a straight answer and say that once we allow for inflation, total spending is being cut?

The Prime Minister: I have already said that current expenditure will rise, and continue to rise. Capital spending will rise until 2011, then it will fall. I have already made it clear that for health, education and for all these public services current spending will continue to rise. The issue is surely this: in 2009-10, we are raising spending substantially. We are doing so in 2010-11, and we are doing it to take us out of recession. There is only one serious party in the world that is trying to tell us that we should cut spending now—the Conservative party. The right hon. Gentleman must therefore admit that under his proposals, schools would lose money now, teachers would be made unemployed, Sure Start services would go, child care services would be at risk, and no teenager would get a guarantee for jobs. That is the future if the Conservatives were ever to implement it.

Mr. Cameron: Complete nonsense. Nobody—*[Interruption.]* It is interesting that not even the Prime Minister's own Cabinet now backs the ludicrous line that he is taking about public spending. He keeps talking about this 10 per cent. I do not know whether he realises how much damage it is doing to him. It is not doing any damage to us. Let us explain where the deceit about the 10 per cent. comes from. Let me explain to the House—*[Interruption.]*

Mr. Speaker: Order. The Leader of the Opposition must be heard.

Mr. Cameron: If we take the Government's own spending plans, take off debt interest and take off the increase for unemployment, which, sadly, will go up, we are left with a 7 per cent. cut in every Department—the Government's own figures. If we exempt the NHS, we get a 10 per cent. cut—the Government's own figures. If we take out—*[Interruption.]* Thank you, Schools Secretary. If we listen to the Schools Secretary and take out health and schools, we get a 13½ per cent. cut. That is the Prime Minister: Mr. 13½ per cent.—his own figures. Let us see if he can answer the simplest of questions. Is he going to have a full departmental spending review before the election—yes or no?

The Prime Minister: The first thing that the right hon. Gentleman said was that unemployment is going to continue to go up. That is the Conservative policy. It is a prediction. That is when they say that unemployment is a price worth paying. Is he basing his assumptions on unemployment rising to 2014? No wonder he wants to cut public services. He is basing his assumptions on unemployment continuing to rise, because he will do absolutely nothing about it. We have taken action that is preserving 500,000 jobs. A quarter of a million people are leaving the unemployment register every month. We put in extra money on Monday so that there is more for young people who are unemployed and for summer school leavers. We will not forecast our spending plans on unemployment being higher in 2014 and rising every year, but if that is what the right hon. Gentleman wants to do, he cannot afford public services. Therefore the truth is that he will be cutting public services by 10 per cent.

Mr. Cameron: I have to say that this is one of the most feeble performances that I have ever seen from the Prime Minister. If Peter Mandelson had not been so busy wandering round the television studios this morning, he could have given him a bit of tuition. There is only one person who we want to add to the unemployment register, and that is this Prime Minister. I asked a simple and straightforward question. Perhaps he could now answer it. Peter Mandelson has said that there will not be a spending review before the election. Can the Prime Minister tell us—will there be one or not?

The Prime Minister: It would be wrong to have a spending review now, at this stage—[HON. MEMBERS: "Why?"] Because we are in the midst of a recession and it is not possible to say what unemployment, growth and all the characteristics that the right hon. Gentleman has been referring to are likely to be in 2012, 2013 and 2014. We have got to the heart of the Conservative position today. They are the party of unemployment. They are premising all their spending plans on unemployment continuing to rise. He said himself that unemployment will keep on rising. If that is the basis of their spending plans, people can look forward, under a Conservative Government, not just to 10 per cent. cuts, but to rising unemployment. Why do they want these public spending cuts? To pay for inheritance tax cuts for the very rich. We see once again that they are the party of the few, and we are the party of the many.

Mr. Cameron: I know the walls of the bunker are thick, but the Prime Minister seems completely unaware that unemployment is rising across the country because of the policies of his Government. We have seen hundreds of people lose their jobs at Diageo in Scotland—another tragic case—yet the Prime Minister seems blissfully unaware of what is going on in the country that he is meant to be governing. Everyone will conclude that the Government will not have a spending review because they do not want to own up to the cuts that they are planning in Department after Department. The truth is that this Government are planning to cut capital spending: fact. They are planning to cut total spending: fact. The most important fact of all is that they are incapable of being straight with the British people.

The Prime Minister: This Opposition would cut public spending this year and deprive people of help with unemployment and housing. This Opposition party would cut public spending next year, and cut it savagely in schools, in education and even in the Sure Start programme. We now know the truth about the Conservatives' assumptions about the future: they assume that unemployment will continue to rise, as the right hon. Gentleman said, until 2014. That is not the policy of this Government; we want to get people back into work.

Colin Challen (Morley and Rothwell) (Lab): Does the second franchise fiasco on the east coast main line in two years not tell us that the Tory rail privatisation experiment has finally hit the buffers? Now that we are taking the east coast main line back into public ownership, can we keep it that way?

The Prime Minister: Our first and overriding obligation is to ensure continuity of service to the passengers, and that there is no disruption of services, so the Secretary of State for Transport is establishing a publicly owned company, the East Coast Main Line company. It will take over all franchised rail services at the point that National Express East Coast ceases to operate, and

existing staff and assets will transfer to the new company. We are making sure that the service continues to run, that passengers continue to be served and that jobs continue to exist.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I first join in welcoming the announcement from Her Majesty today for such a fitting tribute to recognise the bravery and sacrifices of our armed forces.

This afternoon we have seen the bogus debate about public spending hit new lows. I am almost tempted to suggest that Lord Mandelson and the Conservative economic spokesman go on another cruise together to make up. The real failing is that the Conservative party leader wants to cut spending when the economy is still on its knees, which is economic madness, and he will not tell us how; and the Prime Minister is still living in complete denial about the long-term savings that will be needed when the economy starts to recover. Are they not both deliberately choosing to trade insults so that they can both avoid telling the truth?

The Prime Minister: The right hon. Gentleman does not tell us what his policy is at all. The fact of the matter is that if spending were cut this year, jobs would be lost and services would be put at risk; and if spending were cut next year, jobs would be lost and services would be at risk. We are determined to ensure that spending remains in order to increase job opportunities and to protect home owners, and to make sure that our public services are in place. I hope that he will join our side of the debate in protecting public services for the future.

Mr. Clegg: What the Prime Minister is avoiding once again is the fact that difficult choices on long-term spending need to be made now if we are going to get any grip on the country's finances. That is why we should admit that we neither need nor can afford to replace Trident. He is planning to sign the first contracts for the new Trident submarines this summer, during the recess when we are all away. Is it not obvious that he should not do that?

The Prime Minister: We have already announced a deficit-reduction plan for the next five years. We have taken difficult decisions about efficiency savings and asset sales, and about raising the top rate of tax: about measures that ensure that people who are in a position to pay more do pay more in the tax system—that is, at the top rate of tax. I hope that the right hon. Gentleman will support those measures, which are designed both to reduce the deficit and to ensure that there are sufficient resources for public services. I have already made my position on Trident clear—in the debate on Monday.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): Last week Corus announced 379 job losses in the steelworking town of Stocksbridge in my constituency—job losses that will have a devastating impact on the economy of a town with a population of only 13,500. Will my right hon. Friend make a commitment to do whatever he can to ensure that Corus can secure a long-term future for steelworking in places such as Stocksbridge?

The Prime Minister: Corus employs more than 20,000 people in this country, and wherever there are redundancies it is a matter of sadness and regret. We are dealing with a fall in demand in the steel industry throughout the world, and it is affecting Britain and every other country. We are in talks with Corus, we have provided extra money in the past week for help to secure jobs and we will continue to talk with it about what more we can do. We are also in negotiations with Corus about its relationship with a conglomerate of steel producers. That contract has broken down; it puts jobs in Britain at risk; and we are trying to do what we can to ensure the agreement of a new arrangement that can protect more jobs in Britain.

Q2. [283120] **Mr. David Gauke** (South-West Hertfordshire) (Con): The Prime Minister has twice told the House today that capital spending will continue to rise until 2011. The Red Book shows that capital spending is at £44 billion this year and will be at £36 billion next year. I am sure that the Prime Minister understands that that means a cut, starting next year. Will he correct the record now?

The Prime Minister: As I have already explained to the House, we are bringing forward investment, previously allocated for later years, to 2009-10 and 2010-11. The reason why we are doing so is that we can help get the economy out of the recession. The capital investment would not be supported by the Conservative party. As a result, projects such as housing, in which we are investing from this Monday, as we have announced, could not go ahead. I have already explained to the House that while the previous Budget announced that there was a rise in capital expenditure over a period of time, more money has been reallocated to the first years so that we can help ourselves out of recession.

Mr. Eric Martlew (Carlisle) (Lab): There has been a great deal of talk about the modernisation of the House, but I would like to ask the Prime Minister whether we could go back in time—to when we had Prime Minister's Question Time twice a week, on Tuesdays and Thursdays. There would be much more accountability to Back Benchers, the questions would be more topical and the Chamber would be much better attended on Thursdays.

The Prime Minister: That is an idea on which Mr. Speaker may wish to consult.

Q3. [283121] **Simon Hughes** (North Southwark and Bermondsey) (LD): As more than 1 million of our young people leave education this summer, the Government's rediscovered commitment to training and apprenticeships is very welcome. However, it appears that many of the training schemes on offer cannot be completed in the time that the Government have announced. Will the Prime Minister meet a group of us to make sure that we do not consign our young people to unemployment or to a failure to gain the qualifications that they need?

The Prime Minister: As the hon. Gentleman should know, in 1997 there were 70,000 apprenticeships in Britain; this year, there are 225,000—three times as many. To say that we have reduced the number of apprenticeships, or that we are not taking the issue seriously, is wrong. As far as training programmes are concerned, on Monday we announced how we would do more for summer school leavers and for young people under 25. I hope that the hon. Gentleman will support the new investment that we have made into those measures. They cost money; I hope that his party is prepared to support them, even if the Conservative party is not.

Q4. [283122] **Mr. Neil Turner** (Wigan) (Lab): This Labour Government have made a lot of progress in tackling disadvantaged communities, such as Pemberton, Scholes and Beech Hill in my constituency, through the neighbourhood renewal fund. However, local authorities and primary care trusts are hampered from building on that success because they do not get the money that the Government formula tells them they are entitled to. Will my right hon. Friend meet me, and other colleagues with similar constituencies, to see whether we can find ways to tackle the problem?

The Prime Minister: I understand that Wigan will receive more than £21 million between 2008-09 and 2010-11 as an additional resource to help tackle problems faced by local people. Of course I am happy to meet my hon. Friend to talk about both the neighbourhood renewal fund and some other aspects of central funding to local authorities, but I do say that in the past few years we have increased those resources substantially. Where there is unemployment, we will be increasing resources to help people get back to work.

Q5. [283123] **Mark Simmonds** (Boston and Skegness) (Con): In the light of recent cuts of £3.9 billion in Department of Health funding, as announced in the Budget, will the Prime Minister confirm what further reductions in health expenditure his Government are planning for between 2011 and 2014?

The Prime Minister: We are raising expenditure on the health service this year and next year. The hon. Gentleman should know perfectly well that we have done so against the advice of the Conservative party, which would prefer to see—*[Interruption.]* If we had not taken the decision to raise national insurance to put investment in the national health service, we could not have had the 90,000 extra nurses, the 20,000 extra doctors and the new hospitals. That decision was opposed by the Conservative party.

Mr. Denis MacShane (Rotherham) (Lab): In a few days' time, the newly elected European Parliament sits for the first time. Can the Prime Minister assure me that Labour MEPs will not sit with Polish MEPs who are homophobic and of an anti-Semitic orientation, with Czech MEPs who believe that global warming is a myth, or with Dutch MEPs who think that abortion should be abolished and that Sunday shopping should stop? Which party does support those loonies and weirdos?

The Prime Minister: It took the Leader of the Opposition almost a year to admit that there was a recession all over Europe. Now that he has had to admit it, perhaps he should also admit that there is a need for co-operation all over Europe to deal with these issues. What I think people will find very sad is a Conservative party now on the fringes of Europe with some of the extreme parties on the right wing of the European political family.

Q6. [283124] **Jo Swinson** (East Dunbartonshire) (LD): News of tomorrow's statement is welcome, but if the swine flu pandemic worsens sufficiently to trigger changes in the Government's approach during the 82-day summer recess, would the Prime Minister recall Parliament so that there could be proper scrutiny of the Government's actions?

The Prime Minister: The hon. Lady will know that the Health Secretary will make a statement tomorrow on the issue of swine flu. We will make sure that at all points we are vigilant in ensuring that the treatment of that disease in every part of the country is right and proper.

Gordon Banks (Ochil and South Perthshire) (Lab): My right hon. Friend may have seen today's announcement by Diageo on the restructuring of jobs in Scotland, to which the Leader of the Opposition referred. It was mixed news, with 500 job losses over two years but also £100 million of investment, including in my constituency. Will my right hon. Friend do everything he can to negate the loss of these jobs, and will he agree to meet the company to discuss its continued plans for investment in Scotland?

The Prime Minister: Where there is unemployment, we are ready to help. The measures that we announced on Monday will move in to help young people, but also adults who are losing their jobs. It is possible for firms making capital investment to get new capital allowances which were introduced in the Budget to stimulate new investment. We are seeking an investment-led recovery. The capital spending that we have reallocated to 2008-09 and 2009-10, while it falls in 2010-11, is vital to doing that. We will continue to back private investment in our country, and these are the figures that I want to make clear to the House.

Q7. [283125] **Lembit Öpik** (Montgomeryshire) (LD): As chair of the all-party Baha'i group, I have become deeply concerned about the seven Baha'i leaders in Iran facing trial by the revolutionary court on 11 July on serious but unsubstantiated charges, with no evidence being offered against them. Will the Prime Minister be willing to meet me and representatives of the Baha'i faith in Britain to underline his and, I hope, our collective support for the fundamental principles of fairness and tolerance in the treatment of these and all Baha'i in Iran?

The Prime Minister: The hon. Gentleman raises very difficult issues. I am sure that the whole House will share my deep disappointment at the recent behaviour of the Iranian regime: disappointment at the manner in which legitimate demonstrations have been suppressed; disappointment at the restrictions that he has mentioned on the freedoms of the Iranian people, with people due to stand before a closed court on 11 July; and disappointment that the Iranian Government have expelled two of our diplomats and detained several of our embassy staff. This action is unjustified and unacceptable. Some people in Iran are seeking to use Britain as an explanation for the legitimate Iranian voices calling for greater openness and democracy. However, we will continue, with our international partners, to raise our concerns with Iran, including on the issue that the hon. Gentleman raised.

Mrs. Linda Riordan (Halifax) (Lab/Co-op): Following job cuts announced by Lloyds, will the Prime Minister assure banking staff in my constituency that he will do all he can to protect their jobs? Will he join me in sending a clear message to Lloyds Banking Group that further job losses would be totally unacceptable?

The Prime Minister: I have visited the area and talked to staff, and I understand their frustrations at what is happening. They have served the bank well, and they are the victims of what has happened to HBOS in its worldwide activities, particularly its failures in other countries. We will do what we can to help the staff of HBOS and Lloyds TSB. We are also making it possible for people to have new facilities to find jobs in the area. We will do what we can to reduce unemployment in these difficult circumstances; that is why we have set aside £5 billion to help the unemployed, which is only possible because we have made these additional allocations.

Q8. [283126] **Mr. Adam Holloway** (Gravesham) (Con): Another opportunity for the Prime Minister to be straight with the British people: in which Departments does he expect to see spending fall between 2011 and 2014?

The Prime Minister: Being straight with the British people means talking about how we get out of recession and how we build for growth. It is not much good the Opposition's talking about 2011 when they are cutting spending in 2009-10 and 2010-11. Throughout this debate, they have refused to support the action we are taking on jobs. They have no plan to come out of recession, they have no plan for jobs, and they have no plan for growth in the economy: they have nothing to offer the British electorate but cheap gibes and no policy.

Q10. [283128] **Mr. Virendra Sharma** (Ealing, Southall) (Lab): Does my right hon. Friend believe that to build Britain's future we need to invest now in helping people through the downturn, and especially in young people's training and skills? *[Interruption.]* Will he reaffirm his September guarantee of a place in education and training for all 16 and 17-year-olds?

The Prime Minister: I do not know why the Opposition mock this. Giving a guarantee for school leavers to get a school place, a college place, an apprenticeship or work experience—some form of activity that prevents them from being unemployed—has never been done before. That costs money, and we are prepared to spend that money. The Opposition party would refuse that money. In other words, thousands would be unemployed as a result of the Opposition's policy.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Is the Prime Minister aware that some of the finest residential training for severely disabled people has been put in jeopardy by the decision this week of the Learning and Skills Council not to fund the expansion of the National Star college in my constituency? Would he agree to meet a delegation of some of the disabled students, some of the principals of the college and myself, to discuss the unique situation of that college and see whether there is a solution to this problem?

The Prime Minister: We have set aside £2.3 billion for investment in further education colleges over this spending review period. We put an additional £300 million into that in the Budget. I will ask—*[Interruption.]* This comes under expenditure on colleges, and it needs money that would have to be provided by the Government. I am saying to the hon. Gentleman that I shall get the further education colleges Minister to meet him about this, but we have put £300 million extra into the investment in capital buildings as a result of the Budget.

Points of Order

12.31 pm

Angus Robertson (Moray) (SNP): On a point of order, Mr. Speaker. We have learned overnight that two of the UK's three shipyards may close in the years ahead. Given that that would cause thousands of job losses on the Clyde or at Portsmouth, have you heard from Ministers in the Ministry of Defence whether it is going to make a statement to this House or leave the Chamber without telling Members of Parliament what the future holds for shipyard workers in this country?

Mr. Speaker: I fear that is not a point of order, but I am grateful to the hon. Gentleman for placing his views firmly on the record. The answer to his question is that I have not had any indication from a Minister of an intention to make a statement, but, as I said, he has taken his opportunity to place his concerns on the record.

Mr. Charles Walker (Broxbourne) (Con): On a point of order, Mr. Speaker. The previous Prime Minister, Tony Blair, would regularly meet Back Benchers from both sides of the House. Why does not the current Prime Minister extend the same courtesy to us?

Mr. Speaker: That is not a point of order.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): On a point of order, Mr. Speaker. Is it in order for me to raise the fact that the real threat to the future of the shipyards on the Clyde is the separation of Scotland from the United Kingdom?

Mr. Speaker: That is a debating point but not a point of order, as the hon. Gentleman perfectly well knows.

Mr. Stewart Jackson (Peterborough) (Con): On a point of order, Mr. Speaker. I seek your guidance. Do you think it appropriate and acceptable that the major decision to renationalise the east coast main line should have been announced on the media this morning, and that this House will not have the opportunity to question the Secretary of State directly? Indeed, we will not even be the first to hear the statement. Do you think that that shows calculated disdain for the authority of this House?

Sir Alan Beith (Berwick-upon-Tweed) (LD): Further to that point of order, Mr. Speaker.

Mr. Speaker: Order. The hon. Member for Peterborough (Mr. Jackson) has raised a point of order, and I am sure that the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) will want to hear the reply.

My understanding is that there is to be a statement at 7 o'clock this evening. As to the choice of Ministers to head Departments and the particular House of Parliament in which they sit, as the hon. Gentleman will know, that is not a matter for me.

John Robertson (Glasgow, North-West) (Lab): On a point of order, Mr. Speaker. Is it right that a political party should misuse an unfounded allegation about shipyards, when the company and the Ministry of Defence refute the allegations that are being made? It always seems to happen—every six months, people use those allegations for their own political purposes.

Mr. Speaker: Something tells me that the hon. Gentleman is seeking to entice me into a political debate, and I must resist his blandishments. That is not a point of order.

Norman Baker (Lewes) (LD): Further to the earlier point of order, Mr. Speaker. It cannot be right for a major statement on the future of our railways to be made by a Secretary of State who is absent from this House. I was grateful for your advice last week, and I have written to the Procedure Committee. However, would not it be far preferable for such statements to be made to this House? Is it not a nonsensical convention that the statement has to be made in the House of Lords first? Should it not be made at 12.30 in this House, rather than waiting for the Lords to assemble further up the Corridor?

Mr. Speaker: The hon. Gentleman is largely repeating what has already been said. I note his point, but I do not think that there is anything on which I can rule at this time.

Sir Alan Beith: Further to that point of order, Mr. Speaker. We were told in a debate in Westminster Hall this morning about rail services that the Minister was not in a position to answer questions about what has happened to the National Express franchise because of the statement to be made in the House of Lords, which would be repeated in the House of Commons. Is there any reason for delaying that statement until 7 o'clock tonight? I presume that it will be made in the House of Lords at 3.30 and could be made much earlier in the Commons.

Mr. Speaker: We have programmed business to consider, so when the right hon. Gentleman asks whether there is any particular reason for not making the statement now, I have given him that reason. Hon. Members may like or dislike it, but that is the reason.

Sir Patrick Cormack (South Staffordshire) (Con): On a point of order, Mr. Speaker. Last week, you promised the House that you would rebuke Ministers if they made announcements outside before making them in the House. On the "Today" programme this morning, I heard Lord Adonis announcing the nationalisation of the east coast railway a good 11 or 12 hours before the House will be told about it. What, Sir, can you do about that?

Mr. Speaker: My understanding is that the Secretary of State was commenting on commercial announcements that had already been made, so I am not sure whether the burden of the hon. Gentleman's charge can be sustained.

Mr. Greg Hands (Hammersmith and Fulham) (Con): On a point of order, Mr. Speaker. The Prime Minister and the Secretary of State for Children, Schools and Families visited a school in my constituency yesterday without informing me. I went anyway and was met by an abusive and unprofessional civil servant called Belshan Izzet, who told me that the constituency Member of Parliament had been informed of the visit—that was a lie—and that neither I nor the leader of the council nor one of the governors were allowed in during the prime ministerial visit. That is disgraceful behaviour by a civil servant. How can we ensure that it is not repeated and

[Mr. Greg Hands]

that the Prime Minister and the Secretary of State for Children, Schools and Families abide by the conventions and courtesies of the House, which you set?

Mr. Speaker: The hon. Gentleman is a regular user of the device of the point of order, which he is perfectly entitled to use. Of course, the normal courtesies should be observed, be it by Back Benchers or members of the Government. Members who go into other Members' constituencies should give prior notification. They do not have to ask permission, but they should inform. However, I say in all candour and courtesy to the hon. Gentleman that it would be a bad precedent if Members started naming civil servants on the Floor of the House. I do not like it and I hope that we will not have a repetition of it.

Mr. Graham Stuart (Beverley and Holderness) (Con): Further to that point of order, Mr. Speaker. Ministers appear routinely to visit hon. Members' constituencies without informing them, and your predecessor spoke out as strongly as you have today, asking them to observe the courtesies. However, they are not observing them, so what action can be taken to ensure that they do so in future?

Mr. Speaker: The hon. Gentleman, as is perhaps his wont, asks a hypothetical question and engages in some star-gazing. The convention of notification must be observed. In the event of a pattern of its not being observed, I would not let the matter rest there.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): Further to the point of order of my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack), Mr. Speaker. You said that you thought that the Minister on the "Today" programme did not refer specifically to the action to be taken about the company. I listened to the programme, and he made it clear and explicit that the Government would take over the responsibilities for that company. It seems to me that he went beyond what was acceptable in an interview and made a statement on air. I do not wish to be pedantic, but that may give you cause to think a little more about your response to the Government.

Mr. Speaker: The right hon. Gentleman makes a very fair point. He had the advantage of hearing the interview and I confess that I did not. What he has put to me is reasonable. I do not know whether the line was crossed, but the fairest thing that I can say on the strength of the right hon. Gentleman's comments is that I will look into the matter and come back about it.

Mr. Denis MacShane (Rotherham) (Lab): On a point of order, Mr. Speaker. Last week I spoke to the Fabian Society in Chiswick and Sheffield, and I would like to apologise for not informing the hon. Members whose constituencies I was in. However, senior Conservatives regularly come to my constituency and do not tell me, although I do not worry about that, because every time they appear, the Tory vote goes down.

Mr. Speaker: I am extremely grateful to the right hon. Gentleman, who is continuing the debate, although I am not sure that he is doing so by a point of order.

Mr. Peter Bone (Wellingborough) (Con) *rose—*

Mr. Speaker: I hope that we are going to make some progress, as we have a great deal of business to consider, but the proceedings would not be complete without a point of order from Mr. Peter Bone.

Mr. Bone: On a point of order, Mr. Speaker. A number of clauses of the Parliamentary Standards Bill were left undebated in Committee yesterday. I have listened to your pronouncements on transparency and the power of Back Benchers to cross-examine the Executive, but what happened yesterday was wholly unacceptable. I therefore wonder what advice you could give a Back Bencher to determine this matter.

Mr. Speaker: There will be further opportunity to debate some of those matters on Report. I have seen the sheer weight of amendments to the Bill and I am not insensitive to the point that there is a need for substantial time to debate them. However, at this stage I can say to the hon. Gentleman only that everything has been done in a perfectly orderly way, and in any event, Rome was not built in a day.

Mr. William Cash (Stone) (Con): On a point of order, Mr. Speaker. With respect to the Parliamentary Standards Bill this afternoon, could you give us some guidance as to how you will approach the question of amendments that may be moved on Report, given that, as you have said, very weighty questions arise—for example, on new clauses 7 and 8, which may not be reached, because new clauses are taken at the beginning on Report—and could you therefore also say whether you would be kind enough to consider those questions before Report?

Mr. Speaker: I will consider those questions when I am aware of all the amendments that are before us, but it would be unwise and precipitate for me to do so at this stage. If there are no further points of order, we can move on.

BILL PRESENTED

Sustainable Energy (Local Plans) Bill

Presentation and First Reading (Standing Order No. 57)

Alan Simpson, supported by Mr. John Gummer, Mr. Gordon Prentice, Andrew Stunell, Mr. David Amess, Mr. Andrew Dismore, David Howarth, Mark Durkan, Andrew George, Mr. David Drew, Bob Russell and Steve Webb, presented a Bill to promote energy efficiency; to require specified bodies to publish sustainable energy plans; to make provision for the transfer of functions to principal councils; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 16 October, and to be printed (Bill 125).

Dangerous Dogs (Amendment)

Motion for leave to introduce a Bill (Standing Order No. 23)

12.42 pm

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): I beg to move,

That leave be given to bring in a Bill to amend the Dangerous Dogs Act 1991 and the Dangerous Dogs (Amendment) Act 1997; and for connected purposes.

It is a pleasure to present this Bill to the House today. Before laying out what it is designed to achieve, I would like to pay tribute to the immense commitment shown by Claire Robinson of the Royal Society for the Prevention of Cruelty to Animals and by Dave Joyce of the Communication Workers Union in putting together the campaign to change the law relating to the responsibilities of dog owners.

Why does the law need changing? At the moment, if a dog attacks in a public place, the owner can be prosecuted. However, this is not the case if the attack takes place on private property, yet there is clearly a problem as far as such attacks are concerned. Let us look at the statistics. Around 6,000 postal workers are attacked by dogs every year, with 70 per cent. of those attacks taking place on private property. In one instance, at Christmas 2007, Paul Coleman, a postal worker in Sheffield, was attacked so badly that he needed skin grafts and plastic surgery. At Christmas 2008, Keith Davies nearly lost a leg in a horrific attack in Cambridge. Of course, we all hear about the horrific attacks on children, who sometimes suffer from awful lifelong disfigurements as a consequence, and sometimes we hear about the terrible deaths that occur when children are attacked in the home by dogs.

Clause 1 would therefore aim to extend the offence of having a dog dangerously out of control, so that it applied not only to attacks in public places, but to those in private places, such as homes and gardens. For instance, where postmen and women or other workers have to visit properties and are attacked in the gardens or within the dwelling, section 3 of the Dangerous Dogs Act 1991 would apply. It would also cover instances where children are injured and/or killed in the home.

Such a measure is commanding support from diverse quarters. The Dogs Trust says:

"This Bill... places additional emphasis on dog owners to take responsibility for their dog's behaviour at all times".

That is an important point. At the moment, if there is an attack on a child or adult by a dog, more often than not, that dog is destroyed, but it is the owner who needs to be the focus of attention and who needs to face the consequences. That point is also supported by the Kennel Club, which says that this part of the Bill is warmly welcomed because greater responsibility is being placed on the owners to ensure that their dogs are not out of control.

Thanks to a campaign by the RSPCA, nearly 4,000 members of the public contacted their MPs to support the Bill. One comment is particularly worthy of mention. It comes from a mother whose own child was attacked by her own dogs some years ago and who has been campaigning for a change in the law since then. She said to me:

"I wholeheartedly support any moves for safety and find the current situation regarding postal workers and dog aggression wholly unacceptable. The consequences are devastating and life-changing."

I have met this mother and I can assure the House that, every week, she has to live with what happened—week-in, week-out; year-in, year-out. Her view is that education is the key to changing attitudes towards dog ownership. Dogs need to be properly trained and owners need to understand that sensible precautions should be followed to protect visitors and children in the home.

It is common sense that a child should never be left unsupervised in the company of a dog and it is surely not too difficult for dog owners to protect health visitors, meter readers, social workers or even the people who deliver parcels to the door by putting the dog in another room for the duration of a visit or while the door is being opened to a visitor. Surely such simple measures as a post box on the gate or a cage around the letter box in the door would do a great deal to protect postal workers. In that context, the ability to prosecute would be a useful tool for the police to employ in the most extreme cases and it could act as an important deterrent, helping to reinforce the message that education programmes are designed to convey.

Many other organisations support the measure. The Royal Mail, crucially, is giving it full support, as are the International Institute of Risk and Safety Management, Prospect and the Union of Construction, Allied Trades and Technicians. Unison also supports the measure because of concerns for its members who regularly visit patients and clients at home; while the group safety, health and environment manager of Scottish and Southern Energy has also pledged support. The legal department of the Union of Shop, Distributive and Allied Workers has received 30 claims for dog bites from members over the past two years, the bulk of which were from home delivery workers. In one case, a worker was so severely traumatised by a dog's attack on her as she delivered goods to a private address that she gave up her job.

The case for change is clear and the range of public bodies and members of the public supporting the Bill is growing by the day. The Bill proposes to take the emphasis away from the breed and focus on the deed. Currently, all dogs classified under section 1 of the 1991 Act as belonging to a breed dedicated to fighting are subject to seizure by the police, but on many occasions they are seized only to be registered and handed back to the owners on the grounds that those dogs are responsibly owned and managed. This practice ties up valuable police resources and time, which could be put to better use in tackling the growing problem of so-called status dogs.

The current law is not working. RSPCA inspectors, many police officers and local authority wardens are seeing many more different types of large powerful dogs on the streets, and section 1 of the 1991 Act has not had the desired result of preventing the four named types of dogs from becoming established in the UK. It has just not worked. It is the view of the RSPCA, the Dogs Trust and the Kennel Club that it really is time to change the Act in order to allow section 1 dogs to be exempted and added to the register without necessarily being seized—if it is the police's judgment that that is appropriate.

As I mentioned earlier, the Bill will focus attention on the deed rather than the breed. It is the action of owners—what they encourage or allow their dogs to do—that is important, rather than the breed or type of

[Ms Angela C. Smith]

dog involved. This measure in my Bill is designed to give the police discretion to act accordingly.

It is time to take action. Support for these measures is widespread. Furthermore, the Scottish Parliament is legislating on the issue in the Control of Dogs (Scotland) Bill, which was introduced on Monday 22 June. It proposes that warning notices be issued to owners of dogs whose behaviour is deemed to be unacceptable. We should consider doing the same in England as part of a process beginning with education and ending, in the worst cases, with prosecution backed by the appropriate penalties.

I understand that Northern Ireland is considering legislative change, as is the Welsh Assembly. England cannot afford to be left out. Its residents deserve the extra protection offered to their Welsh, Scottish and Irish neighbours, and the Bill provides the means to deliver it.

Question put and agreed to.

Ordered.

That Ms Angela C. Smith, Michael Connarty, Norman Baker, Mr. Bob Laxton, Geraldine Smith, Mr. Ian Cawsey, Natascha Engel, Joan Ryan, Mr. Mike Hancock, Mr. Michael Clapham, Kelvin Hopkins and Miss Anne Begg present the Bill.

Ms Angela C. Smith accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 128).

Parliamentary Standards Bill

[Relevant Documents: Memorandum from the Audit Committees on the Parliamentary Standards Bill, Copies are available in the Vote Office. Seventh Report from the Justice Committee, Constitutional Reform and Renewal: Parliamentary Standards Bill, HC 791. Nineteenth Report from the Joint Committee on Human Rights, Legislative Scrutiny: Parliamentary Standards Bill, HC 844.]

[2ND ALLOCATED DAY]

Considered in Committee.

[SIR MICHAEL LORD *in the Chair*]

Clause 6

MPs' CODE OF CONDUCT

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): We begin with amendment No. 63, with which it will be convenient to deal with new clause 4 and clause 6 stand part.

12.52 pm

Sir Patrick Cormack (South Staffordshire) (Con): On a point of order, Sir Michael. There has been a most extraordinary development since we met yesterday. The Justice Committee produced a report to the House this very morning in which it has recommended that clause 10 be not proceeded with. That was decided unanimously, and with a majority of Labour Members present. The Justice Secretary has already indicated that he will not proceed with clause 6, and I am sure that it would assist this Committee's deliberations considerably if he indicated now whether he is minded to accept the unanimous report of a Select Committee of the House.

The Second Deputy Chairman: As far as the Chair is concerned, our proceedings must simply follow the order that is set out before us. I am sure that if the Justice Secretary wishes to alter those arrangements or make any other interventions, he will do so in his own time.

I understand that amendment No. 63 is not to be moved.

Question proposed, That the clause stand part of the Bill.

Sir George Young (North-West Hampshire) (Con): I am grateful to the Government for adding their name to my amendment proposing the deletion of clause 6. It seemed to me that the clause added absolutely nothing to the Bill, as the House already has a code of conduct that reflects the Nolan rules. It also posed a substantial risk in opening up to judicial review that which happens in the House. I am glad that the Government have recognised the force of the arguments against it, have heeded the wise counsel of the Clerk of the House, and have had second thoughts.

There are many other issues that we hope to address later, so I will not detain the House any longer. I merely express my gratitude for the fact that common sense has prevailed, and the clause is now not to be part of the Bill.

Mr. William Cash (Stone) (Con): I am sure everyone will be relieved that the Government have shown such good sense. I congratulate my right hon. Friend the

Member for North-West Hampshire (Sir George Young) on his amendment. If we are lucky enough, in terms of the timetable and in other respects, we shall deal later with new clauses 7 and 8, which will help to clarify issues relating to the application of article IX of the Bill of Rights 1689 and the supremacy of Parliament. However, I think that we can leave that debate until later.

Alan Duncan (Rutland and Melton) (Con): We are, of course, pleased that the Government have decided to remove clause 6. However, we wish to make clear that that is not because we do not approve of the idea of a code—indeed, we already have one—but because, as the Clerk of the House made clear, the clause would have put us on a collision course with the courts.

While I welcome what I expect the Secretary of State for Justice to tell us in a moment, this does rather take us back to the future. I will not rehearse all the arguments that were in my Second Reading speech, but I will say that if clause 6 had remained in the Bill, the legitimate concerns of constituents would have been replaced by the vexatious concerns of litigants.

We are, however, disappointed that yesterday, having delighted us by saying that they would withdraw the clause, the Government brought it in again through the back door, in a slightly watered-down form, by changing all the language of clause 5 from the word "rules" to the word "code". That, in our view, has introduced a new element of confusion. Before the amendments were passed, there was a welcome hint of clarity. The word "code" now refers only to financial interests. It is to some extent sub-divided in the language of clause 5, but, as with the use of the word "standards", the Government have introduced that element of confusion, which could otherwise have been avoided.

I think that the origin is, once again, interference by the Prime Minister. Page 8 and other parts of the document that he produced yesterday, "Building Britain's Future"—itself probably an inaccurate title—state:

> "We are introducing legislation to create an independent regulator for Parliamentary standards, and a tough, legally binding Code of Conduct for MPs."

If we juxtapose the amended clause 5 and the soon-to-be absent clause 6 with what the Prime Minister has said about a legally binding code of conduct, and if we take what he has said at face value, we see that we may once again be heading for a justiciable code of conduct, which is exactly what the removal of clause 6 was designed to avoid.

We are not clear—I am convinced that there is still confusion—about whether that will create the problems surrounding justiciability that the Clerk of the House has already highlighted, but I am afraid that our pleasure at the removal of the clause has been tainted by our disappointment that many of its disadvantageous elements have crept into the Bill elsewhere.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): As I said on Second Reading, it is good that the Secretary of State will remove clause 6, but when he rises to explain his reasoning for that, he might also explain his logic as to how it is consistent to remove clause 6 while retaining other provisions such as clause 10.

1 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I am grateful for recognition of the fact that I have sought to respond to proposals from all parts of the House to improve the Bill, and I shall continue to do that wherever I can.

Let me say in response to the hon. Member for Rutland and Melton (Alan Duncan) that the provisions of clause 5 are completely different from those of clause 6, which we hope will be excised in its entirety in a few seconds. Clause 5 deals with the Independent Parliamentary Standards Authority—and, for sure, various statutory duties are imposed on that. The fact that what was previously referred to as financial rules is now defined as a code relating to finance is a rose by any other name in that it does not make any substantive difference. I think I can see a twinkle in the hon. Gentleman's eye as he understands that point.

We will remove clause 6 because we have recognised the serious anxieties expressed, not least by the learned Clerk, and because, as the hon. Gentleman said, it could have encouraged litigious constituents. I might just add, however, that that prospect remains. It happens to be the case that I was the first Member of this House to be subject to legal action from a constituent who believed that they had been badly served by me. That happened at the end of the 2000-01 Session, and a resolution of the House was tabled on that. A completely inadvertent error was made, compounding one made by the local authority, in which the name of an innocent constituent who lived at No. 9 in a street was transposed to the address of a drug dealer against whom the constituent was complaining who lived at No. 11. The local authority transposed the two addresses. My very good member of staff did the same on the basis of the mistake by the local authority, and I was the subject of legal action. The House very kindly decided to indemnify me against the £33,000 that that mistake cost. That risk remains, but I have no wish to compound it.

As we are discussing clause 6, I shall come on to deal with the point raised by the hon. Member for Orkney and Shetland (Mr. Carmichael) when we discuss clause 10. I see that an important amendment to it has been tabled by the right hon. Member for North-West Hampshire (Sir George Young) and my hon. Friend the Member for Middlesbrough (Sir Stuart Bell) to which I am very sympathetic, and I will make a further decision about it in the course of these proceedings. With that, I ask that clause 6 be excised from the Bill.

Question put and negatived.

Clause 6 accordingly disagreed to.

Clause 7

INVESTIGATIONS

Amendment made: 84, page 4, line 33, leave out 'financial interests rules' and insert

'code of conduct relating to financial interests'.—*(Mr. Straw.)*

Sir George Young: I beg to move amendment 9, page 4, line 35, at end insert—

'(ab) at the request of the member,'.

The Second Deputy Chairman: With this it will be convenient to discuss the following:

Amendment 10, page 4, line 42, at end insert—

'(4A) No report shall be made by the Commissioner—

(a) in any case where the member concerned has agreed that he has failed to register or declare an interest, if it is the Commissioner's opinion that the interest involved is minor, or the failure was inadvertent, and the member concerned has taken such action by way of rectification as the Commissioner may have required within any procedure approved by the IPSA for this purpose; and

(b) in any case involving the MPs' allowance scheme, or the use of facilities or services, if the Commissioner has with the agreement of the member concerned referred the matter to the IPSA for the purpose of securing appropriate financial reimbursement, and the member has made such reimbursement within such period of time as the Commissioner considers reasonable.'.

Amendment 11, page 5, line 5, at end insert—

'(5A) In determining the procedures, the IPSA must consult—

(a) the Leader of the House of Commons,

(b) the Committee on Standards and Privileges, and

(c) any other person the IPSA considers appropriate.'.

Amendment 48, page 5, line 6, leave out subsection (6).

Amendment 45, page 5, line 11, at end add—

'(7) The IPSA must ensure that any member who is subject of an investigation is provided with independent advice and counsel on all matters relevant to that investigation.'.

New clause 5—*Minimum requirements for fairness*—

'The procedures referred to in subsection (5) of section 7 must, in particular, provide a Member who is the subject of an investigation or complaint with—

(a) a prompt and clear statement of the precise allegations against the Member;

(b) adequate opportunity to take legal advice and have legal assistance throughout;

(c) the opportunity to be heard in person;

(d) the opportunity to call relevant witnesses at the relevant time;

(e) the opportunity to examine other witnesses;

(f) the opportunity to attend meetings at which evidence is given, and to receive transcripts of evidence.'.

New clause 11—*Fairness: Minimum requirements*—

'The procedures referred to in subsection (5) of section 7 must, in particular, provide a Member who is the subject of an investigation or complaint with—

(a) a prompt and clear statement of the precise allegations against the Member;

(b) adequate opportunity to take legal advice and have legal assistance throughout;

(c) the opportunity to be heard in person;

(d) the opportunity to call relevant witnesses at the relevant time;

(e) the opportunity to examine other witnesses;

(f) the opportunity to attend meetings at which evidence is given, and to receive transcripts of evidence;

(g) the benefit of a standard of proof of beyond reasonable doubt where the allegation amounts to a criminal charge, and of the balance of probabilities in all other cases.'.

Clause stand part.

Sir George Young: As drafted, clause 7 does not provide an opportunity for Members to refer their own cases to the new Commissioner for Parliamentary Investigations. The Bill thus removes a facility that is currently available to Members and which has been used on several occasions in the past couple of years. Amendment 9 would restore that facility.

I think it is right that there should be no automatic entitlement for Members to refer their own cases. Currently, the commissioner seeks the agreement of my Select Committee on Standards and Privileges before he proceeds with an investigation into a matter that has been self-referred. In my view, it would be appropriate for the procedures that will be drawn up under this clause to prescribe a similar process whereby a self-referral leads to an investigation only if IPSA gives its assent. For example, there may be allegations made about a Member which receive widespread publicity but nobody actually makes a complaint. The only way in which that Member can have his name cleared is to refer himself, currently to the Parliamentary Commissioner for Standards, go round the course and then, hopefully, be cleared. Amendment 9 would replicate that facility in the proposed new regime.

Amendment 10 deals with a different point, but it is similar in that the purpose is again to restore a feature of the current system that will otherwise be lost, and which in the opinion of my Committee has worked well. I am referring to the rectification procedure. The amendment allows the new commissioner to rectify certain cases without making a formal report to IPSA. It closely replicates the language of Standing Order No. 150. Typically, cases suited to rectification involve the misuse of a few prepaid envelopes, or an inadvertent and relatively minor error in the content of a letter sent out using the communications allowance. Where the Member accepts that such a relatively minor error has been made and makes the appropriate restitution, the matter can be regarded as dealt with. I fear that if no provision of this kind is made, IPSA will find that it is kept very busy considering reports on relatively minor and inconsequential breaches of the rules.

Subsection (4) states:

"After conducting an investigation, the Commissioner must make a report to the IPSA on the Commissioner's findings."

If the reports are to be substantive they will, again, involve a lot of work about very little. It would be helpful if the Secretary of State could say something about how that unqualified requirement to report might work in practice.

Finally in this group, amendment 11 would require IPSA to consult before it determined a set of procedures applying to the treatment of complaints, the conduct of investigations by the new commissioner and the publication of the commissioner's reports. The procedures will be of considerable importance to the House, and I am surprised that no provision for consultation was included in the Bill, especially as it very commendably includes consultation provisions in clauses 3, 5 and 11—a fact that should make it easy for the Government to accept this amendment.

I would have preferred the new commissioner rather than IPSA to be in the driving seat when it comes to drawing up the investigation procedures, and my failure to table an amendment to that effect is but one more symptom of the haste with which this Bill is being put through. I have, however, tabled such an amendment for Report, and it would be helpful if the Secretary of State could comment now on whether he will accept it.

A further question arises on this clause: its relationship with clause 9. Given that all the alleged breaches of the rules that the commissioner may investigate under clause 7 will also be offences under subsections (1) or (2) of clause 9, do the Government expect the commissioner to be at all busy, because these will now be criminal offences—and is it not the case that all serious breaches will be handled by the police, leaving only relatively minor cases such as the misuse of prepaid envelopes and the inadvertent inclusion of a party logo in a letter funded by the communications allowance to be investigated by the commissioner? Therefore, what exactly will the work load be?

Amendments 48 and 45 stand in the name of the hon. Member for Hendon (Mr. Dismore) and my hon. Friend the Member for North Essex (Mr. Jenkin) respectively, so I shall not comment on them. However, having successfully had a number of amendments adopted by the Government yesterday, I regard myself as being on something of a roll, and I hope that my good fortune may carry on to today.

Mr. Bernard Jenkin (North Essex) (Con): I will not detain the House for long, and I apologise for not having been present at the beginning of our proceedings—although not so that I could have moved the amendment in my name in the previous group; I had no intention of wasting the House's time on that, given the Secretary of State's statement that he was withdrawing the clause concerned.

My amendment in this group echoes the concern of my right hon. Friend the Member for North-West Hampshire (Sir George Young) that Members subject to the procedures of IPSA and the commissioner should be properly informed of what is going on and have proper advice.

My particular concern relates to a personal experience, which I discussed in abstract terms with the Parliamentary Commissioner for Standards, so as to avoid lobbying him about a complaint that might arrive in his in-tray. I had found that I had inadvertently breached the rules, so I went to him to present him with a letter, which was, in effect, a self-referral. He said that he was minded not to accept it, but when I asked him what action he would take, he said that he would wait for a complaint. I then asked him what he would advise me to do, to which he said that he could not advise me, because he might receive a complaint and have to adjudicate on the case. I asked him which servant of the House of Commons could advise me on the matter, but he told me that nobody could. I then asked whether I should seek legal advice—that seems to relate to the import of my right hon. Friend's amendment—but he said that his body discourages from people taking legal advice because it makes its proceedings so much more protracted.

I have great sympathy with that view, and now that, between IPSA and the commissioner, we are having a separation between the management of rules, and the investigation of and adjudication on breaches, it should be simple for IPSA and/or the commissioner—here I link my amendment 45 with my amendment 46, which seeks to amend clause 5—to ensure that a servant of IPSA or a Clerk in the service of the House, which means someone who does not cost the Member money and does not cost the House of Commons additional money, is made available to the Member who is subject to an investigation or to a direction by the commissioner under clause 8. There should be an informal way of ensuring that right hon. and hon. Members have access to independent advice without having to resort to expensive lawyers.

That would be simple to arrange, and my two amendments seek to put those obligations on IPSA and the commissioner to ensure that that advice is afforded to Members without additional and unnecessary expense. That would avoid the situation wherein hon. Members are left completely isolated in a system that they are fighting. The accusations may be unjust or arise out of a misunderstanding, but we still ought to have a means of providing, in a fairly relaxed way, relatively informal advice. Obviously it remains open to a Member of Parliament to obtain formal legal advice if he or she so chooses, but I hope that my proposal would save right hon. and hon. Members a great deal of anxiety, while also giving comfort to IPSA and the commissioner that the Member was capable of dealing with the matter in an informed and practical way, and was not being left on his own or facing huge legal expenses.

Mr. Andrew Dismore (Hendon) (Lab): I shall speak to amendment 48 and new clauses 5 and 11, which I have tabled to give effect to recommendations made in the report of the Joint Committee on Human Rights. The Committee's concern was about the need to ensure that Members receive a fair hearing throughout this process. It is often said that human rights are all about unpopular causes and, as I said on Second Reading, there cannot be many more unpopular causes around at the moment than us. However, our unpopularity does not detract from the fact that even MPs are entitled to due process.

The significant human rights issue raised by the Bill is whether it provides sufficient safeguards—I do not think that it does—to be compatible with Members' right to due process under both common law and article 6 of the European convention on human rights. The Government accept, in their explanatory notes, that the provisions in the Bill relating to the functions of IPSA "may engage" the right to a fair hearing under article 6, but they say that no incompatibility is involved. Their notes say that the reason for that is, first, that

"the direction or recommendation functions of the IPSA do not involve the determination of civil rights or obligations."

They say that in this context we are talking about

"a matter of 'public law' rather than private law rights."

The notes say that the second reason is because even if IPSA's functions do determine a Member's civil right, there is no incompatibility because

"there are a range of safeguards in place to ensure the fairness of the procedures of the IPSA."

In addition, they say that

"an MP will have the opportunity to make representations".

However, if we examine the Bill we see that such safeguards are almost non-existent. The only safeguards are those in clause 7(6), which are that a Member has a right

"to make representations to the Commissioner about the investigation"

and

"to make representations to the IPSA in light of the Commissioner's report."

That is nowhere near enough.

[Mr. Andrew Dismore]

The right hon. Member for North-West Hampshire (Sir George Young), the Chair of the Standards and Privileges Committee, has admitted in evidence that he gave some time ago to the Committee on Standards in Public Life that even our existing procedures are not fully compliant with article 6. Yet the new procedures represent far less than we have at the moment before the Standards and Privileges Committee, and they are inadequate.

1.15 pm

My amendment 48 would delete clause 7(6) with a view to replacing it with something a little more fitting, because I believe, as my Committee states, that the

"Government's view that Article 6...does not apply to the disciplining of members is...not tenable in view of the very serious consequences that might result".

We are talking about not only financial penalties, but expulsion or suspension from the House and, inevitably, the destruction of the Member's political career. We have seen what can happen to Members as a consequence of the revelations in *The Daily Telegraph* and of previous recommendations of the Standards and Privileges Committee accepted by the House that have, in effect, meant that Members have had to decide to give up their seats at the next election as a result of what we have found out.

There is little doubt that the proposed procedure relates to the determination of Members' rights. Sometimes the nature of the allegation will be such that the determination will be of a criminal charge—we have already seen some such cases before the Standards and Privileges Committee in which there has been a suggestion that a Member has acted fraudulently. Otherwise, the allegations will relate to the determination of a Member's civil rights, given the seriousness of the consequences for the Member concerned. These cases will always have serious consequences for Members' reputations, and may well affect their ability to pursue their livelihood. That view is reflected not only in my Committee's report, but in the previous report undertaken by the Joint Committee on Parliamentary Privilege and in the recommendations made by the Committee on Standards in Public Life.

We are recommending a series of relatively straightforward matters that reflect contemporary standards of fairness. We propose the following, which are minimum requirements of fairness:

"(a) a prompt and clear statement of the...allegations against the Member;

(b) adequate opportunity to take legal advice and have legal assistance throughout;

(c) the opportunity to be heard in person;

(d) the opportunity to call relevant witnesses...

(e) the opportunity to examine other witnesses"—

the Standards and Privileges Committee does not allow that last one at the moment—and

(f) the opportunity to attend meetings at which evidence is given".

We also seek to ensure that the standard of proof to be applied reflects the nature of the charge. Thus, if the charge is so serious as to amount, in effect, to the determination of a criminal charge, it should be proved beyond all reasonable doubt, but for less serious charges the standard of proof should be the "balance of probabilities". That is the basis on which the commissioner investigates a complaint and the Standards and Privileges Committee judges it now. The more serious the charge, the higher the standard that we will apply, as is only appropriate. I hope that the House will accept what I am saying about this issue.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Is there not also merit in thinking about whether we should have some procedure for appeal, so that the finding could at least be reviewed as to its merits by some appellate authority?

Mr. Dismore: The right hon. and learned Gentleman anticipates my new clause 6, which will be discussed when we reach clause 10, and I entirely agree with what he says. New clause 11 is slightly fuller than new clause 5 because it also deals with the burden of proof. I understand that my right hon. Friend the Secretary of State is minded to accept, in principle, that I am on the right lines here, but I hope that when he replies he will make clear which of this shopping list of very basic procedural minimum requirements he does not agree with. He should do so if he wishes me not to pursue this matter, but to allow it to be dealt with in the other place. I cannot see which of my proposals anyone who is expecting a fair hearing could object to. If we are to consider turning our procedures to the outside world and having independent investigation, we should apply to ourselves the same standards as we would expect any other professional disciplinary body to apply in the outside world, be it one relating to doctors, lawyers or anybody else. We should not be treated any differently, fair standards of hearing are essential, and my proposals set out what those require.

Sir Alan Beith (Berwick-upon-Tweed) (LD): My name is attached to new clause 11 and I support it strongly for the reasons cogently adduced by the Chairman of the Joint Committee on Human Rights, the hon. Member for Hendon (Mr. Dismore). I rise at this point to refer to a more detailed aspect of clause 7, and in doing so I draw the attention of the Committee to the report on the Bill that the Justice Committee produced overnight, which deals with many of the clauses and includes the Clerk's memorandum, the Government's response to it and several academic notes on some of the issues.

The issue that arises in clause 7(3) is who would decide on the reasonableness of the commissioner's requests, and whether a Member could seek judicial review of the commissioner's actions. If in the meantime the House had used its disciplinary powers to punish a Member for failing to provide information that subsequent judicial review demonstrated that the commissioner was acting unreasonably in seeking, we would be in difficulties, because that would open the door to judicial review of the decision by the House or the Standards and Privileges Committee on the matter. That may sound like a technical point, but it is potentially important, and the Clerk has drawn attention to it.

The issues to which the Justice Committee wants to draw special attention arise mainly in clause 10, for which we recommend a route to achieve at least more measured reflection on all these aspects of privilege by setting them aside for the time being and concentrating on the parts of the Bill that set up the independent body

so that it can carry out its central and essential function. In case the Government do not accept that wise advice, we will have to ensure as we go along that we do not build in the potential danger of undesirable judicial review of the proceedings of the House.

Mr. Hogg: I can well understand that it may be necessary to require discovery of documents, but as clause 7(3) is drafted, it would enable a Member to be required to produce "any information", and that raises issues of self-incrimination. Perhaps we should look carefully at the clause to see whether it can be tightened to apply only to the disclosure of appropriate documents, and does not require Members to incriminate themselves.

Sir Alan Beith: That is a sensible point and further illustrates the need for much more measured and careful consideration of some of these clauses than the procedures that we are now following allow. If we cannot reach sensible conclusions about them under this process, we should set them aside and consider them later, while concentrating on matters that can be dealt with immediately.

Mr. David Heathcoat-Amory (Wells) (Con): I support these amendments, especially those tabled by my right hon. Friend the Member for North-West Hampshire (Sir George Young). I hope that he will continue his remarkable run of getting his amendments accepted. In particular, I support what he said about the lack of proportion in the gravity of the offences to be investigated. We are all aware that there is no de minimis rule in the Bill, although inadvertent and trivial breaches may occur, through genuine mistakes, that could easily be put right.

Sir Patrick Cormack: Does my right hon. Friend agree that, because of the timetable, we did not debate, and therefore do not have, a sunset clause?

Mr. Heathcoat-Amory: My hon. Friend is right, and it is a scandal that we did not even discuss such a vital protection yesterday. The theme running through the whole of these proceedings is that there is no case for treating this Bill as an emergency. It is a complete abuse of how we conduct proceedings that we have been asked to sign up to matters affecting the rights, immunities and privileges of this House—and, more widely, of the people whom we represent—without discussing important clauses at all.

I am especially concerned by the lack of proportionality in these clauses. As I understand it—if I am wrong, I trust that the Justice Secretary will correct me—the same rules will apply to trivial or inadvertent offences. Many such offences will be referred to the commissioner as part of the party political contests in each constituency. Many people are itching to refer to the new commissioner matters that may be important locally but which, in the great scheme of things, are oversights that could be easily corrected. The commissioner will have to investigate all such matters, in order to decide whether they are unimportant or trivial, and will then have no option but to make a report to IPSA on his findings, under clause 7(4). The very fact of making any inquiry—even if the conclusion is that no action need be taken—must lead to a report. That will be immensely bureaucratic, and it is likely that in the intervening weeks the Member's local paper will highlight the fact that he or she is under investigation by the commissioner. It is very important that we now try to assess what the commissioner will have to do, and to relieve him of the burden of having to make an investigation and report on unimportant matters.

My second point confirms that made by the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) about the possible role of the courts in this matter. Serious offences will of course be subject to the criminal law on fraud, theft and false accounting. In addition, and unnecessarily, we will also import some more criminal offences into the Bill. I am especially concerned by the word "reasonably" in clause 7(3). It could be judiciable—it will, after all, appear in statute law. I can imagine a case in which the commissioner gets into a dispute with a Member under investigation—for what may well be a serious matter—who resists having to disclose personal tax records. The commissioner may demand those records, on the grounds that that is the only way in which the evidence can be found for income received that should have been disclosed. Or the financial disclosure requirements could require the production of names and addresses of professional clients or customers, in the case of a business. The Member concerned may consider, reasonably, that that would be improper and that he owes a duty of confidentiality to his customers or clients. So there may be a genuine dispute between a Member and the commissioner—an external person, appointed by the Crown and therefore with no particular duty to or affection for the House, and driven by public opinion. The Member concerned may feel that he is on the receiving end of unfair inquiries.

As I understand it, such a dispute would be judiciable, and therefore the court would have to decide what was reasonable. In that case, the court would be interfering in matters that should remain within the purview of the House.

Mr. Hogg: It is not only as my right hon. Friend understands the point, but as the Clerk understands it. In his evidence to the Justice Committee, the Clerk made exactly that point.

1.30 pm

Mr. Heathcoat-Amory: I am grateful to my right hon. and learned Friend for pointing that out. I think that that gives it additional weight and authority, and we should all be concerned when a servant of this House raises such points. The Clerk cannot make a speech; he relies on us to reflect his concerns, which is what we are doing.

It is a regrettable fact that the courts might be required to make a judgment on what is essentially a dispute between the House and the commissioner, with unpredictable consequences. If I understood the right hon. Member for Berwick-upon-Tweed correctly, if the House decided to discipline the Member concerned and it was subsequently found that the information was demanded unreasonably, the court would be interfering directly in the disciplinary matters of this House. If there is something on which we all agree, it is the fact that the House must retain the ultimate sanction to discipline its own Members. If I am wrong about that—*[Interruption.]* No, I think that the Justice Secretary is agreeing with me. Will he explain, then, how that sanction is not put at risk if a court can declare that disciplinary

[Mr. Heathcoat-Amory]

action by the House is unreasonable because the commissioner had been unreasonable in the requiring certain information from a Member under investigation?

Mr. Carmichael: I, too, shall endeavour not to detain the Committee overlong. We have before us a range of amendments. The amendments tabled by the right hon. Member for North-West Hampshire (Sir George Young) seem, as others have said, sensible and workable. They represent an improvement to the mechanism of the Bill and I hope that the roll that the right hon. Gentleman is on will continue.

I was impressed by some of what the hon. Member for North Essex (Mr. Jenkin) said about the availability of informal legal advice—I think that that was the way that he put it. Experience teaches me, however, that legal advice is never informal. One either gets legal advice or one does not. It seems to me that his suggestion, superficially attractive though it is, is a parliamentary equivalent of the legal aid duty solicitor scheme. For many years, I trawled around the police cells of the north and north-east of Scotland as part of that admirable scheme, and although I find the proposal not unattractive, even a legal aid duty solicitor has a direct lawyer-client relationship from which there can be no departure. The standard of service and care, as well as the duty of care, that is owed by the legal aid duty solicitor to the client in the cells is exactly the same as that which would be owed by any City solicitor to a blue-chip client.

Mr. Jenkin: I did not say "informal legal advice", but "advice". In fact, my amendment referred to "advice and counsel". Let us suppose a Clerk of the House was allocated the duty of advising Members who were the subject of complaints, or of advising Members on how to conduct themselves if they believe that they have broken the rules. It seems quite reasonable that an hon. Member should have someone in the House to turn to. They might well say, "Well, in your circumstances you should go and get legal advice," but we should avoid somebody's having to take that step initially as it might be quite a low-level complaint. There should be some way of dealing with low-level complaints without resorting to lawyers.

Mr. Carmichael: I take the hon. Gentleman's point and I do not want to labour it because I do not know whether he will seek to press his amendment to a Division. There is certainly merit in the notion, but my concern is that once we come to the practicalities of how to make this work, the advice provided will effectively be legal advice. It would be a brave Clerk who would advise a Member not to take legal advice in those circumstances.

Mr. Hegg: Although one might argue about the legalities, surely the proper position is to say that the hon. Member should have an opportunity to take legal advice. It would be for the hon. Member to determine where he got that advice from and how he paid for it, but he should have an opportunity to take legal advice and to be represented by that adviser if he so chooses. Surely that is a requirement of natural justice.

Mr. Carmichael: That is one of the most basic norms of natural justice, and once we go down the route that the Government are taking us down with this clause, that is the inevitable consequence.

That point brings me to new clause 11, tabled by the hon. Member for Hendon (Mr. Dismore). I thought that my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) succinctly and cogently showed why I would also support the new clause. It is a basic statement of best practice and I do not see what part of it could be objected to. I, too, will listen to the Secretary of State when he responds on that point.

Let me return to the practicalities of all this. The hon. Member for Hendon has tabled a new clause that will rebalance the rights and obligations under the Bill in a way that is very necessary. However, if we go down that track, what is there by way of effective investigation? It is in the nature of investigation that we do not always know what we are looking for when we start. Although much of what we have here provides necessary protection for the rights of the person being investigated, as consequences could subsequently flow to him, will we have an inquisitorial process that achieves the objective that we aim it to have at this stage?

Mr. Dismore: Under the existing arrangements between the commissioner and the Standards and Privileges Committee, there is an obligation on a Member to co-operate with the inquiry. Co-operating with the inquiry does not preclude a Member's having the benefits of due process.

Mr. Carmichael: It is a question of checks and balances. The system at the moment is reasonably well balanced because the consequences that can flow from an investigation are that much more restrictive. It is clear from the Bill, and from clause 9 in particular, that a lot more could follow by way of consequences in the future. That is where the inquisitorial element, I fear, could become deficient at the end of the day. The hon. Gentleman's amendments are good, well founded and necessary. However, I fear that as a consequence of the effectiveness of the Bill as a whole, we will be left with a system that will not work as well as it ought to. That is the consequence of the Government's having proceeded in the way in which they have. They persist in that, notwithstanding the evidence that has come from the Joint Committee on Human Rights, chaired by the hon. Member for Hendon, and the Justice Committee, chaired by my right hon. Friend the Member for Berwick-upon-Tweed.

Mark Durkan (Foyle) (SDLP): The right hon. Member for North-West Hampshire (Sir George Young) expressed the wish that his roll would continue. I want to back that wish in respect of amendments 9, 10 and 11.

I am of an age where in my Church we still said the old-fashioned confiteor, with "Mea culpa, mea culpa, mea maxima culpa"—"Through my fault, through my own fault, through my own most grievous fault." Clearly, we have to ensure that the system can allow for occasions where Members spot some discrepancy or indiscretion in relation to returns, claims, mistakes that were made by their office or the inadvertent misplacement of claims. When they identify them, they need to be able to have them corrected properly without being told, as the hon. Member for North Essex (Mr. Jenkin) said, that although they have corrected the error themselves, they still have to await the peril or jeopardy of a complaint or to be subject to some wider observation. Self-correction must be able to be taken and we need to ensure that the

system recognises the difference between venial sins and sins of omission and the mortal sins and more serious sins of commission. I believe that the amendments go some way towards doing that.

Many of us have been looking at various claims and other things, and I found myself listed among those who had made repayments in the recent context. I refused an offer of a new mobile phone from O_2, and was then told that I would get £200. I thought that that would be credit on my mobile phone bill, but instead I got a cheque for that amount as cashback. Normally, I claim most bills for the phone on expenses, so I said that the cashback should go back to that source of payment, which is the House of Commons. The £200 payment was not in respect of any specific claim, or any claim that was wrong or undue, but it constituted a repayment in the context of everything else that was happening.

Clearly, hon. Members must be allowed to make sensible and proper judgments without finding themselves with some sort of criminal record. We are doing something that is on a par with tidying up The Highway Code, and it should not end up with people being investigated as though they were involved in some sort of federal case.

I have some sympathy with the situation that the hon. Member for North Essex (Mr. Jenkin) found himself in. He was caught in a conundrum but, for the reasons put forward by the hon. Member for Orkney and Shetland (Mr. Carmichael), I am wary of creating a system that means that everything could automatically be the subject of legal advice. People may feel compelled to seek that advice, but the fact that such advice was being sought could also became a matter of record and freedom of information.

The way that the hon. Member for Hendon (Mr. Dismore) presented new clauses 5 and 11 made them sound reasonable and compelling, but again I have some concern that investigations could turn into hearings. We must not let the process grow beyond its limits, and I believe that the test will be how we strike that balance.

Sir Patrick Cormack *rose—*

Mr. Dominic Grieve (Beaconsfield) (Con) *rose—*

The Second Deputy Chairman of Ways and Means: Mr. Dominic Grieve.

Mr. Grieve: This has been an interesting debate, and I hope that the Secretary of State will be able to respond positively to the points that have been raised.

Sir Patrick Cormack: Some of us want to take part in it.

The Second Deputy Chairman: Order. Let me make it clear that there is no reason why hon. Members may not take part. Those hon. Members who stand are called to speak in the way that the Chair thinks appropriate. Mr. Dominic Grieve.

Mr. Grieve: Thank you, Sir Michael. I hope that the Secretary of State will be able to respond positively. It is clear that clause 7 moves us towards a much more structured system of investigation than we have at present. Whether or not the current investigation regime falls within what we like to call parliamentary privilege, it certainly happens in-House. I am the first to accept that much of what will be investigated probably will not concern parliamentary privilege in any way at all, and that is why investigating whether an MP has misclaimed or overclaimed is of very little consequence to the wider constitutional framework of this country.

However, if we move down this road, it is important that we acknowledge that we will have to look very carefully at the fairness of the system that we introduce. It will come in for more scrutiny, and my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) was right to say that it will be justiciable—that is, anyone unhappy with any aspect of the proceedings will be able to seek judicial review.

In that context, the amendments put forward by my right hon. Friend the Member for North-West Hampshire (Sir George Young) are extremely sensible. They would allow people to self-refer, but the most telling proposal is for a system that would allow very minor matters to be handled without a report having to be made.

One problem that we will face was touched on by the hon. Member for Foyle (Mark Durkan). In a sense, Members of Parliament are sole practitioners, and we handle offices and budgets that are quite substantial. Also, I suspect that most Members of Parliament work rather longer hours than the average, and that the administration of our offices is not the thing that we do best. Our capacity for making mistakes is very great.

1.45 pm

When our documents going back to 2004 were published, I looked through them and found that it was not difficult to pick out examples of things that might have been done differently. Perfectly reasonably, most of us tend to sign off on things presented to us by members of staff. Keeping our office expenses under proper scrutiny is not what we are likely to do best.

We need a system that recognises the importance of self-regulation. People must be able to own up quickly to making mistakes without the fear that they will be dumped on and dragged through the mud. Also, we need a system that can reflect the de minimis rule: that is, we must ensure that people do not have to go through convoluted procedures for absolutely minimal mistakes. Those points are dealt with by amendment 10, which I consider to be extremely sensible.

The hon. Member for Hendon (Mr. Dismore) introduced new clause 11, which is a substantial improvement on what we have at present. I do not know whether he is minded to press it to the vote, and I appreciate that it may be possible to do something about the proceedings when the Bill comes up for further consideration elsewhere. My judgment, however, is that new clause 11 is a substantial improvement, and my concern is that not putting a similar provision in the Bill will lead, because of justiciability, to a decision by the commissioner being overruled or overturned.

I also have great concerns about the potential impact of the procedures on disciplinary decisions. Such decisions may be found to be in conflict with decisions taken by the commissioner that are subsequently reviewed and found to be wanting. I shall say more about this in connection with clause 8, but I do not think that the House can lightly ignore the problem.

Yesterday, we discussed at considerable length questions of where Parliament's rights will be intruded on. The problem is not so great with clause 7, but the fact is that the clauses cannot be looked at in isolation. I make this point because the Secretary of State may wish to respond now as well as later, but the linkage between investigations, enforcement and offences must be looked at as a whole.

I have the most serious concerns about what we are doing. If we confine the commissioner's activities to looking at our expenses and salaries, there will be no great difficulty, and that was exemplified in the evidence given yesterday by the Clerk of the House to the Justice Committee. However, conflicts will start to arise once we stray outside of that, and the potential will grow for the courts to intrude into the House's affairs in ways that touch on our constitutional responsibilities. I hope that the Secretary of State will be open-minded now—I suspect that he will be, as it has been hinted that he may accept some of the amendments—and that he will also bear what I have said in mind when we consider later amendments.

Finally, my hon. Friend the Member for North Essex (Mr. Jenkin) has also tabled some amendments that highlight areas of anxiety in exactly the same way. I hope that the Secretary of State will be able to provide some reassurance that those problems will be addressed. It may be that they can be addressed now, but they could also be dealt with by looking at the matter in its totality. We need a proper set of rules to govern investigation and inquiry, and those rules should also cover hon. Members' ability to get proper advice as an investigation proceeds.

Sir Patrick Cormack: I shall be brief, but there are two points that I would like to put to the House. Parliaments tend to get known by particular names. The other week in the Chamber, the hon. Member for Cannock Chase (Dr. Wright) talked about how this Parliament would come to be known in the future. I fear that it may go down as the tarnished or tainted Parliament. Among those of us who have sat in this Chamber in the past few weeks, it will certainly go down as the depressed Parliament. I look forward to the next Parliament and hope that its Members can perform their duties untrammelled, both here and in their constituencies.

However, we must have regard to one overriding fact in that context. The new Parliament, no matter who decides to go or stay, will contain many new Members. Some papers calculate that half the new Parliament could be composed of Members who have never sat here before. However many new Members there are, it will be a lot. Those new Members will come here, as we all did at one stage, somewhat overwhelmed by the honour of being here, I trust, and somewhat perplexed by the rules of our procedures, which we all have to try to learn. There will be a new dimension, too, provided by the Bill, which the House is rushing through this week. It worries me very much that that new Parliament could come to be known as the frightened Parliament, or the blighted Parliament.

Just think of the enormous scope that there will be for vexatious and frivolous complaints, yet according to the Bill, every one of those complaints will have to be investigated. My right hon. Friend the Member for North-West Hampshire (Sir George Young) made an excellent speech when he moved amendment 9. He referred to the fact that when a Member is under investigation, he or she is under a cloud until it is completed. We all know from our constituencies that if we read that somebody has been arrested on a particular charge, a question mark automatically flashes up in our minds about the integrity of that person, even though we all subscribe to "innocent until proven guilty". How dreadful it would be if 50 or 60—the number could even run to three figures—new colleagues in a new Parliament were subject to some form of orchestrated complaint, or to a series of complaints. That is quite possible.

I was very impressed by the speech of my friend, the hon. Member for Foyle (Mark Durkan), who talked about his payback. Just think of the deterrent to saying "Mea culpa." A Member may say, "Oh, good gracious me. I didn't look sufficiently carefully at that, and now I have signed it off and all those letters have gone out. Let's be quiet about it." Members could be frightened, their careers could be blighted, and they could feel deeply self-conscious. All those factors will make it less easy for them to be effective Members of Parliament.

When we finish considering the Bill today—I deplore the fact that we are dealing with it in such haste—we must bear in mind that we are agreeing a piece of legislation that will not particularly impinge on many Members in the House at the moment. By the time that it is fully in force, it will probably be the turn of the year; the Justice Secretary made that point. However, by May or June next year, there will be a new Parliament. If the Act, as it will then be, hangs above that Parliament like the sword of Damocles, just think of the effect that that could have. I therefore beg the Secretary of State to accept the amendments—or, at the very least, their spirit—and to try to inject into the Bill a note of discernment and discrimination between the trivial and the serious. If he does not, we will pass an Act that will have a very bad effect on the next Parliament.

Mr. Hogg: I just want to say a brief word about amendment 10 and new clause 11. I am a strong supporter of amendment 10, which was moved by my right hon. Friend the Member for North-West Hampshire (Sir George Young), for the reasons that were advanced by my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack). It is entirely right to say that individual Members could face vexatious complaints, and that would be very bad because it would put the hon. Member in question under a serious cloud and inhibit him or her in the performance of his or her duties.

One cannot exclude the possibility of co-ordinated and coherent campaigns against individual Members, in which vexatious complaints are made. The amendment put forward by my right hon. Friend addresses that, in part, by providing for the hon. Member in question to make a repayment, if the sum involved is modest and if there has been an oversight. The amendment would guard against errors of a de minimis kind. I think that the Justice Secretary is saying that he is minded to accept the amendment. If he does not, let us hope that he will accept the spirit of what my right hon. Friend is doing.

I note that new clause 11, which was tabled by the hon. Member for Hendon (Mr. Dismore), has the support of the Joint Committee on Human Rights, because the amendment is drawn from the text of the Committee's report. It also has the support of the Committee

on Standards in Public Life. Those are two all-party committees of considerable authority, and the fact that they are both signed up to the new clause seems to be of considerable importance. As the hon. Gentleman said, the commissioner's report could have dire consequences for the future of any right hon. or hon. Member affected by that report. That is even more true of the IPSA report. It is therefore important that the House should try to ensure that the process is conducted in accordance with the rules of natural justice. The hon. Gentleman's new clause ensures that that happens.

I have only one proviso to make. The process has two stages—at least, it does at the moment, but there may be more later. The first stage is the investigation by the commissioner, leading to a report to IPSA. IPSA is then obliged to enable the right hon. or hon. Member to make representations, so there is a second stage. I am not entirely clear—this is a matter for further consideration—about whether all the protection afforded by new clause 11 should apply to both stages or one stage. That is a matter on which there needs to be some reflection. My feeling, at this stage, is that the full panoply of the protections should apply to the hearing of the representations by IPSA, and that there should be a lesser stage of protection relating to the inquiry undertaken by the commissioner. The commissioner should be obliged to accord quite a lot of protection to the hon. Member concerned, but not the full panoply that is contemplated in new clause 11. That full panoply should be confined to the IPSA hearing.

Mr. Dismore: If the right hon. and learned Gentleman looks at the construction of new clause 11, he will see that it does exactly what he suggests; it is confined to the IPSA procedure by a cross-reference to clause 7(5).

Mr. Hogg: I had not fully understood that. I am grateful to the hon. Gentleman for making that plain, because the full panoply is probably best directed at the IPSA hearing, rather than at the preliminary hearing.

2 pm

Mr. Straw: Like many of these debates, this has been an interesting one. I shall deal with the amendments by grouping them together.

First, I accept amendment 9, which was tabled by the right hon. Member for North-West Hampshire (Sir George Young) and my hon. Friend the Member for Middlesbrough (Sir Stuart Bell), as it is entirely right to add it to the Bill. I accept amendment 11, too, and there should be no argument about that. I shall also accept amendment 10, but I want to add a gloss. Sometimes one has reservations about amendments, although one accepts their overall principle. If there are questions about their drafting or their full impact, one might ask the Member who tabled them to withdraw them and wait for the matter to return at a later stage.

On amendment 10, I accept entirely the argument made by the right hon. Member for North-West Hampshire that the cases captured by proposed paragraphs (a) and (b) will be relatively trivial and so on, so it would be ridiculous to have the full panoply of a report to the authority without any discretion in the hands of the commissioner. I am therefore going to accept the amendment, but I reserve the right—of course, it will be a matter for the House and the other place—to submit a revised drafting. I will consult the right hon. Gentleman about this, but if a member of the public—and we are not talking about vexatious complaints; if they are vexatious, hopefully they can be dismissed at an early stage—makes a genuine complaint it is important that even if there is no formal report by the commissioner, they are told what has happened. We must check that that is the case.

I am thinking of myself, too, because I was the subject of a complaint to the commissioner, which would receive consideration by IPSA, and a complaint was made in respect of a separate matter to the Electoral Commission. It made a difference to me to be able to spell out the conclusion, which was that I could continue to be a Member of Parliament. The most recent complaint was about my repetition of an entirely inadvertent error by my constituency party treasurer, who received a donation that he misrecorded, without misleading anybody—it was from one of two companies owned by the same person—and I repeated the error, because I obtained the information from him. How else could I have obtained it? The newspapers made quite a lot of the fact that I had been referred to the Electoral Commission by a Member of the House, and it took a bit of work to get them to accept that there was a further story, and that I had been cleared by the Electoral Commission. We must bear that in mind.

I hope that that deals with those amendments satisfactorily. The right hon. Member for North-West Hampshire and my hon. Friend the Member for Middlesbrough have continued their clean sweep—every one a winner—so I shall now turn to the other amendments. The hon. Member for North Essex (Mr. Jenkin) tabled amendment 45, which states:

> "The IPSA must ensure that any member who is subject of an investigation is provided with independent advice and counsel on all matters relevant to that investigation."

It is important that we do not over-egg the pudding and seek to provide ourselves—and the implication is that this would be provided free—with something that is not available to others in similar circumstances. The availability of civil legal aid has been restricted for a long time. Although the costs of such aid continue to rise, eligibility, particularly outside the area of family law, is restricted. *[Interruption.]* The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) is confirming that that is the case. Civil legal aid is also subject to means-testing, and it would be improper of the House to establish by means of a single amendment—I know that the hon. Member for North Essex does not intend this—a Rolls-Royce of a legal aid scheme for ourselves that is not available to others.

We all have constituents in that situation—I have one at the moment—who are subject to a process by their employer that could lead to dismissal and be reputationally terminal. They do not receive legal aid, although they may receive legal assistance from their trade union, so we must bear that in mind in relation to the question of fairness.

Mr. Jenkin: As the right hon. Gentleman rightly said, I do not intend that the Exchequer should end up providing legal aid to Members of Parliament. I am talking about practical, reasonably expert advice that might result in a Clerk of the House saying, "Go and get a lawyer. You're in trouble." Before reaching that stage, there should be provision for some advice. If I

[Mr. Jenkin]

may say so, the exception for Members of Parliament is justified in this case, given that we are creating offences that apply only to Members of Parliament, who are particularly vulnerable to attack from members of the public who may have grudges against us for some peculiar reason.

Mr. Straw: We will come on to the offences later, but it is fair to point out that the House has been ready to impose similar offences on other bodies. *[Interruption.]* The hon. and learned Member for Beaconsfield (Mr. Grieve) is mouthing derogatory comments about the provision of those offences, but when the Scotland Act 1998 was before Parliament I do not recall any adverse comments from the Conservatives.

Mr. Jenkin: It was not timetabled.

Mr. Straw: Some of the parallels are with the Local Government and Housing Act 1989, and my recollection is that that measure was timetabled too, or subject to a guillotine.

Mr. Grieve: I remember the generality of discussions on the Scotland Act, but I certainly would not be able to recall exactly what I said in the course of that debate. The Secretary of State must accept that since I have been in the House I have said pretty consistently that the tendency of the House, and particularly the Government, to impose new criminal sanctions—I think that more than 3,000 have been created since 1997, mostly of a regulatory nature—appears to have done nothing to benefit our country whatsoever, and is a habit that we would do well to cease.

Mr. Straw: We try not to have criminal offences unless they are necessary. The hon. and learned Gentleman makes a nice rhetorical point, but when one goes into the detail of those offences, one discovers far less enthusiasm for removing them from the statute book. I have had a lot of correspondence from the leader of the Liberal Democrats, who has waxed eloquent on those 3,000 offences. I have asked him to name which of them he would repeal, were he ever in a position to do so. We have got it down to two out of 3,000. I also set that homework to the hon. and learned Gentleman. I accept that Members will need advice, but provision does not necessarily need to be made in the Bill. They ought to receive advice—indeed, advice is available—here, but I will certainly take the proposal away and think about it. I promise the hon. Member for North Essex that I will do so.

I come now to amendment 48 and new clauses 5 and 11. It is probably sensible to look at the more comprehensive new clause 11 first. No one can argue with the fact that the methods adopted by the commissioner and the authority's proceedings have to be fair. Clause 7(6) seeks to capture that injunction, and I am grateful to my hon. Friend the Member for Hendon (Mr. Dismore) and his Committee for their further, rapid consideration of the matter. However, there are some issues that we need to think about. I invite my hon. Friend to accept that we do not have a vote on the matter, and I in turn will accept that what is in subsection (6) will need to be added to, though perhaps not in the detail he proposes. There is one point that I need to raise in respect of subsection (g), which is the standard of proof, but I accept that there should be greater clarity about the rights of those who are subject to a report by the commissioner.

Let me pick up the points made by the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg), the name of whose constituency has changed with extraordinary rapidity, although I dare say the boundaries have almost always stayed more or less the same. He argued—I paraphrase—that the commissioner carries out a preliminary investigation, which must of course be fair. Now that we have accepted amendment 10, the commissioner, if he so judges, makes a report to the authority. Plainly, less elaborate processes can apply in respect of that initial consideration by the commissioner.

I emphasise the point that, paradoxically, the overall process that we are providing under the Bill is more substantial and provides more inbuilt protections for Members—*[Interruption.]* Yes, it does, I say to my hon. Friend the Member for Hendon—than the existing process. Why? Because there will be a complaint, whether it is a self-referral or an external complaint, to the commissioner and an investigation by the commissioner. The commissioner then produces a report, which goes to the authority. We are making extensive provision for an arm's length relationship between the authority and the commissioner.

The authority considers the matter and can make a finding. The finding is either, under clause 8(1), which we shall come on to deal with in more detail, to require the Member to make a payment or to correct an omission or an inaccuracy in the register, and/or to recommend to the House of Commons Standards and Privileges Committee the exercise of its disciplinary powers. When the matter goes to the Committee, the normal rights of Members before the Standards and Privileges Committee, and from there to the Floor of the House, apply. Although under our current proposals the authority may recommend that a Member be suspended or expelled, the decision on that or a further recommendation is for the Standards and Privileges Committee and then for the Floor of the House.

Mr. Dismore: My right hon. Friend is outlining a series of steps, of which there is one more than we have now, in practice. At present the commissioner reports to the Standards and Privileges Committee, and we report to the House. Under the Bill, the commissioner reports to IPSA, the Standards and Privileges Committee and the House. An extra stage does not mean extra fairness; it simply means an extra stage in the process. My question to my right hon. Friend is the one that I asked earlier: which of the elements (a) to (g) does he disagree with in principle as part of the IPSA process?

Mr. Straw: The one that I am particularly concerned about is that related to the standard of proof, (g). We need to think very carefully about that. This is about a recommendation by the authority, not about the determination by the Standards and Privileges Committee. I am not an employment lawyer, as I think my hon. Friend was. I want to think about the matter. I also want the opportunity to go through the drafting of the new clause in more detail. That is not in the least a complaint to my hon. Friend. It is a recognition that we are proceeding with some rapidity. His report came out yesterday and we need to think about the matter.

Mr. Grieve: Two things—first, the Secretary of State says he needs to think about the report. We need to think about it as well, but the trouble is that our consideration of the Bill will all be finished at 7 o'clock this evening. Secondly, I would have more sympathy with his concern about having a criminal standard of proof—the point raised by the hon. Member for Hendon (Mr. Dismore)—if it were not for the fact that the system of investigation, when linked to clauses 8 and 9, is a seamless line potentially moving towards a criminal prosecution.

Because the Government have set up the structure in that way, and—I come back to this point—given powers to the commissioner of a kind that I do not believe he needs to do his job properly and make sure that our allowances are properly given to us, we will be ratcheted into much higher standards of proof. If this is the model that the Government insist on adopting, which I wish they would not, the line taken by the hon. Member for Hendon will have to be followed.

Mr. Straw: I want to remind the House of this, and it is fundamental: it is astonishing how quickly the focus of a debate and of concern in the House can move, but there is a public outside that remains highly sceptical, as well as cynical, about the way we have operated our affairs up to now. We must bear that in mind all the time. One of the major problems that has been faced in this terrible expenses scandal is that no one outside the House accepted the legitimacy of decisions made by the Fees Office or any other part of the House about whether an expenses claim was or was not acceptable. That is why there must be an external adjudication of such decisions.

The hon. and learned Gentleman seems to want it both ways. Of course we must get it right, but if there is to be an external authority, it must be able to come to some decisions, in a parallel way to decisions that would be made by similar bodies with similar tasks external to a particular profession and so on, not with lesser rights to the individual, nor with more. We need to end up with a situation where, if there were misconduct—not inadvertence, error or light negligence, but misconduct—by a Member, that could lead to a criminal prosecution and/or discipline in the House, and equally, where there is an allegation against a Member, but that allegation falls to be dismissed by the authority—or subsequently by the Standards and Privileges Committee, but let us leave it at the authority—that is accepted as having authority behind it.

I understand the point that my hon. Friend makes, which we will consider. We will respond in the other place. This evening will not be the end of proceedings on the Bill. It will go to the other place and come back here. One of the serious concerns that I have about a raft of amendments that have been tabled—not, I may say, by the right hon. Member for North-West Hampshire (Sir George Young)—is that their overall effect is to emasculate and undermine the basic purpose of the Bill, which was accepted by Members on all sides and all three party leaders.

Mark Durkan: The right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) hit on a very serious point when he asked whether new clause 11 would end up applying both to the investigation stage and then to the adjudication stage by the authority. The hon. Member for Hendon (Mr. Dismore) clarified that it would apply only to the authority stage because it refers specifically to subsection (5). But let us remember that subsection (5) states:

> "The IPSA must determine—
>
> (a) procedures in relation to investigations under subsection (1);
>
> (b) procedures in relation to complaints under subsection (2)(c);
>
> (c) procedures in relation to the circumstances in which a report under subsection (4) is to be published."

So IPSA clearly applies to two stages in relation to the investigation, and proposed new paragraphs (a) to (g) of subsection (5) would apply separately in relation to the procedures, because new clause 11 begins with:

> "The procedures referred to in subsection (5)".

So three sets of procedures are referred to, and they could apply three times, but that still does not deal with what we were assured the provision was meant to deal with: how the authority would approach the matter on receiving the report and the findings. Clearly, something needs to be remedied and clarified if we are to get the measure right.

Mr. Straw: I am extremely grateful to my hon. Friend, who made the point better than I did.

Mr. Dismore: I accept that new clause 11, in relation to where it fits in the jigsaw of the process, might need tidying up. That is a fair point, but I am more concerned about the principle of the requirement for a fair hearing, and my right hon. Friend still has not said whether he objects in principle to proposed new paragraphs (a) to (f) as far as IPSA is concerned. They are the minimum requirements of natural justice and of article 6.

My right hon. Friend expressed his reservations about proposed new paragraph (g), but it provides for exactly what the Commissioner for Standards and Privileges does now. If my right hon. Friend says that the Bill takes nothing away from the rights of Members, he has nothing to fear from proposed new paragraph (g), because the commissioner applies a much higher standard in the most serious cases than he does in the more trivial ones, and so he should, because that is the requirement of article 6.

Mr. Straw: I have made my point in response to my hon. Friend, and I am glad that he accepts that his new clause will require some substantial revision, or what he calls tidying up. But we do not dispute the basic purport of the new clause.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I rise to support fully the hon. Member for Hendon (Mr. Dismore). There is currently a difference between the standard of proof in a very serious offence and the other end of the scale, and the new clause's instruction to IPSA would be a good thing, not a bad thing. It would not emasculate the Bill; it would put more meat on the bone.

Mr. Straw: In the interests of progress, Sir Michael, I think I have made the points I have made. I commend to the House the amendments that I suggest that we accept, and I hope that, on those amendments that we cannot accept, the invitations that I have made to hon. Members will prove acceptable.

[Mr. Straw]

Amendment 9 agreed to.

Amendments made: 10, page 4, line 42, at end insert—

'(4A) No report shall be made by the Commissioner—

(a) in any case where the member concerned has agreed that he has failed to register or declare an interest, if it is the Commissioner's opinion that the interest involved is minor, or the failure was inadvertent, and the member concerned has taken such action by way of rectification as the Commissioner may have required within any procedure approved by the IPSA for this purpose; and

(b) in any case involving the MPs' allowance scheme, or the use of facilities or services, if the Commissioner has with the agreement of the member concerned referred the matter to the IPSA for the purpose of securing appropriate financial reimbursement, and the member has made such reimbursement within such period of time as the Commissioner considers reasonable.'.

Amendment 11, page 5, line 5, at end insert—

'(5A) In determining the procedures, the IPSA must consult—

(a) the Leader of the House of Commons,

(b) the Committee on Standards and Privileges, and

(c) any other person the IPSA considers appropriate.'.—*(Sir George Young.)*

Mr. Jenkin *rose—*

The Second Deputy Chairman: Does the hon. Gentleman wish to press his amendment?

Mr. Jenkin: In view of the Secretary of State's assurances, perhaps my amendment could be dealt with administratively in the House rather than by legislation. I beg to ask leave to withdraw the amendment.

The Second Deputy Chairman: It has not actually been moved. Mr. Dismore?

Mr. Dismore: I certainly will not press my new clause to a vote now, Sir Michael. I expect that my Joint Committee on Human Rights colleagues in the Lords may well table a similar amendment to ensure that the matter is not overlooked.

Clause 7, as amended, ordered to stand part of the Bill.

Clause 8

Enforcement

Mr. Grieve: I beg to move amendment 32, page 5, line 22, leave out from 'IPSA' to end of line 25 and insert

'may refer to the House of Commons Committee on Standards and Privileges any findings it may make in relation to any member in the exercise of its functions.'.

The Second Deputy Chairman: With this it will be convenient to discuss the following:

Amendment 17, page 5, line 25, at end insert—

'(2A) The Committee on Standards and Privileges may accept, modify or reject as it sees fit a recommendation under subsection (2).'.

Amendment 65, page 5, line 25, at end insert—

'(2A) Any recommendation under subsection (2) shall be deemed to be proceedings in Parliament as expressed in the Bill of Rights 1689 notwithstanding any other provisions of this Act.'.

Amendment 33, page 5, line 26, leave out 'or to make a recommendation under subsection (2).'.

Amendment 46, page 5, line 28, at end insert

', and must ensure that the member is provided with independent advice and counsel on all matters relevant to the said direction or directions.'.

Amendment 34, page 5, line 29, leave out subsection (4).

Amendment 18, page 5, line 34, leave out subsection (5).

Amendment 19, page 5, line 38, leave out subsection (6).

Amendment 20, page 5, line 38, leave out

'Speaker's Committee on the Independent Parliamentary Standards Authority'

and insert

'Committee on Standards and Privileges.'.

Amendment 21, page 5, leave out line 43.

Amendment 66, page 6, line 2, at end insert—

'(7A) Any statement ("protocol") prepared in accordance with subsections (6) and (7) shall be deemed to be proceedings in Parliament as expressed in the Bill of Rights 1689 notwithstanding any other provision of this Act.'.

Amendment 64, page 6, line 3, leave out subsection (8).

Amendment 36, page 6, line 4, leave out from 'powers' to end of line 5.

Amendment 67, page 6, line 5, at end insert—

'(8A) Where any criminal investigation or proceedings are concerned with the same or related matters which are the subject of an investigation by the Commissioner or of a recommendation by IPSA, the criminal investigation or proceedings shall take precedence, subject to the agreement of the House of Commons Committee on Standards and Privileges.'.

Amendment 97, page 6, line 6, leave out subsection (9).

Amendment 12, page 6, line 6, leave out 'is, or'.

Amendment 22, page 6, line 10, leave out subsection (10).

Clause stand part.

Mr. Grieve: We now come to what I think are the core clauses, and in my judgment they start to cause considerable difficulties. I hope that the Government will look constructively at ways of avoiding those difficulties, so that the Bill does what the public want—ensure that we are properly regulated, but not destroy the House's ability to be independent and to carry out its job properly on behalf of the electorate.

The clause provides a mechanism of enforcement, and subsection (1) is completely uncontroversial. It provides that

"IPSA may direct a member of the House of Commons—

(a) to repay...within a specified time an amount paid...under the...allowances",

and,

"(b) to take any steps necessary to correct an omission or inaccuracy...in the (register of financial interests)."

I have concerns about subsection (2), however, which states that

"IPSA may recommend to the House of Commons Committee on Standards and Privileges that the House should exercise any of its disciplinary powers in relation to a member of the House.

The IPSA may publish a recommendation that it has given."

It seems quite clear from the wording that IPSA will be able to make a specific recommendation to the Standards and Privileges Committee about how an hon. Member is dealt with in respect of a transgression. That, I assume, includes everything from an apology in the Chamber, through a suspension from the service of the House, to—the House has exercised this once since the second world war—the expulsion of a Member.

The problem is that the Standards and Privileges Committee will then have to consider whether it agrees with IPSA's recommendation. If the Committee decides to agree, any public perception that it has been influenced by an outside body in reaching its own decision will be unfortunate. Of course, the Committee might decide for whatever reason that it wants to impose a different penalty, which need not be less severe than that which IPSA recommends. However, as the clause stands, it will embody in statute a specific reference to the Standards and Privileges Committee and to its powers, and they would then be judicially reviewable through the courts.

The consequence of the Committee's powers being judicially reviewable through the courts goes to the absolute heart of Parliament's independence and what the Bill of Rights of 1689 was all about, given its insistence that what this Parliament does cannot be called into question elsewhere. From the current drafting of subsection (2), I really do not see how we can escape that conclusion. Indeed, it is noteworthy that witnesses who submitted either written or oral evidence to the Justice Committee stated very clearly that that outcome was undesirable. Professor Dawn Oliver said:

"(2) may be omitted. The House would in any event be able to exercise its disciplinary powers under existing privilege rules."

In earlier evidence she expressed her deep concerns about the manner in which the House might proceed with a major constitutional change in respect of parliamentary privilege.

Mr. Cash: No doubt my hon. and learned Friend has also read the evidence from the Clerk of the House. He said unequivocally that

"clause 8(2) brings in the Standards and Privileges Committee",

and that

"what would happen if Standards and Privileges concluded that it could not accept a recommendation from the Commissioner, perhaps the recommendation was too severe on the Member, the degree of punishment or whatever was being recommended, the whole matter would then have to be resolved in the courts."

There then followed further evidence from the Speaker's counsel making that position absolutely crystal clear.

Mr. Grieve: I thank my hon. [illegible]ving me the trouble of having to read out that [illegible] passage; I was about to move on to it, but I could not have made the point better than he has. Both Professor Dawn Oliver and the Clerk of the House have expressed the same concerns. It is worth reading the totality of the evidence, including the written submissions. It is crystal clear that clause 8 embarks on issues that go to the very heart of Parliament's independence.

2.30 pm

There is a solution. It is amendment 32, which would delete clause 8(2) and replace it with the words

"may refer to the House of Commons Committee on Standards and Privileges any findings it may make in relation to any member in the exercise of its functions."

"Findings" refers to findings of fact. IPSA would simply say to the Committee on Standards and Privileges that it had carried out an investigation, concluded that there had been a misclaim of x thousand pounds and thought that that should be drawn to the Committee's attention. That would be a completely neutral thing to do, because it would not be accompanied by any recommendation. The amendment would go a long way towards solving the problem.

Mr. Charles Walker (Broxbourne) (Con): I have a problem with IPSA. What would happen if the compliance failure was IPSA's failure? If a Member made a claim in good faith and IPSA got it wrong, the Member would carry the can for IPSA. Over the past few months, a lot of Members have carried the can for compliance failures that were out of their hands.

Mr. Grieve: It is clear from our debate on clause 7 that the actions of the commissioner and IPSA will be judicially reviewable. I have made my point to the Minister and the Secretary of State. If we confine those external regulation functions to our salaries and allowances, that might lead to judicial review proceedings but it would not have a major impact on the independence of Parliament in doing its work.

The difficulty is that, as one starts reading clause 8 subsection by subsection, one sees that it goes further and further into key functions of Parliament and its independence that have hitherto been regulated solely by the Standards and Privileges Committee. They are non-justiciable and are protected by the operation of the Bill of Rights 1689. The House needs to concentrate on that issue if we are to ensure that we can continue to carry out our work properly.

Mr. John Redwood (Wokingham) (Con): My hon. and learned Friend is making a powerful case. Under clause 8(6), one of IPSA's first duties is to try to work out the comprehensive muddle that the Bill is making of the situation. It would have to prepare a statement

"with the agreement of the Speaker's Committee on the Independent Parliamentary Standards Authority"

about how it, the commissioner, the Standards and Privileges Committee and other authorities could make sense of this complete jumble. Does that not prove that, even according to the Government's own words, the thing is a comprehensive mess?

Mr. Grieve: I agree entirely with my right hon. Friend. It all shows how poorly thought through the Bill is. It is rushed legislation. Each of the witnesses who gave evidence—except the Clerk of the House, whose ability to make such comments is a bit fettered—expressed horror at the speed with which the legislation was being carried through. All the independent witnesses asked what on earth the Government were doing in rushing ahead with something of such fundamental importance to the workings of democracy in this country, without giving the matter some proper thought. We will have only two hours on Report this afternoon, and there will probably be no Third Reading. Frankly, the whole thing is a scandal—but we will have to make do with what we have.

Mr. Hogg: Clause 8(2) relates to the recommendation of IPSA. We are all assuming that the recommendation would depend on findings of fact about improprieties in allowances claims or whatever, but nothing in

[Mr. Hogg]

subsection (2) confines IPSA's recommendation to such a finding of fact. IPSA might well decide that although there was no allowances impropriety, the Member needed to be disciplined for other reasons. Is that what the House really wants to achieve? Subsection (2) is certainly couched in wide enough terms to allow that interpretation.

Mr. Grieve: My right hon. and learned Friend makes a good point, to which I hope the Minister will respond. She may argue that the terms on which IPSA and the commissioner for investigations are set up would not allow them to stray too far from the main remit of our financial affairs. However, my right hon. and learned Friend has made a perfectly valid point, which illustrates some of the difficulties that we face.

Amendment 32 deals with clause 8(2), but as one reads down the list of enforcement clauses, the whole thing becomes murkier and murkier. I wonder why some of the subsections are there at all. They start dealing with issues relating to the punishment of Members by the House itself. Subsection (6) mentions an agreement between IPSA and the Speaker's Committee on the Independent Parliamentary Standards Authority on a protocol that requires a number of different people to work together. That protocol includes the Committee on Standards and Privileges.

The House does not need to pause for thought for long to appreciate that if the Committee on Standards and Privileges remains included in subsection (6) it will inevitably be embroiled in court proceedings about its functions and independence. That would drive a coach and horses through the Bill of Rights 1689 and what it was designed to achieve.

The protocol must be judicially reviewable, and it concerns relations with the Director of Public Prosecutions and—wait for it—the Commissioner of Police of the Metropolis. I gently point out that a past incumbent of that post was subject to comment about the infringement of the privileges of the House in respect of the problems faced by my hon. Friend the Member for Ashford (Damian Green), a matter currently under investigation. As one goes through clause 8, one asks oneself what in it is really necessary for achieving IPSA's main functions.

Mr. Llwyd: I am a member of the Standards and Privileges Committee, and we have always transacted our business in complete confidentiality. That will not be the case if we are subject to judicial review; all our papers and dealings and all the matters that we transact will become public. Would anybody wish to be on a Committee dealing with such matters if those things were subject to outside scrutiny by the courts? I doubt it. The change will definitely hamper the Committee's business.

Mr. Grieve: I agree with the hon. Gentleman and I go back to the evidence given yesterday to the Justice Committee by the Speaker's Counsel; I refer to page 33 of the transcription. He was asked to highlight his areas of concern about clause 8. He contrasted clause 8(2), on which I have touched and whose necessity has been questioned, with clause 8(5):

"clause 8(2) is not really saying anything about the basis of the powers for the Committee on Standards and Privileges to act...I think clause 8(5) might be saying something because it says that the failure may be punished by the House of Commons. If that is interpreted as a kind of statutory permission then there might very well be an issue as to whether the conditions of that permission had been fulfilled. If the Commission had acted unreasonably you would not have the conditions for that permission to operate, whereas contrarily with section 8(2), if I may say so...Dr Palmer is right to say it is simply like some other actor who says something should be done and then the Committee on Privileges does something. It is not a condition of the Committee of Privileges doing something that someone else has probably said something to it."

It is clear that the Government should justify why any of the second part of clause 8—below subsection (2), which I suggest should be amended—is necessary to achieve the House's functions, IPSA's functions and the proper regulation of MPs. That part of the clause is a seriously dangerous step that involves the scrutiny and review in court of how the House of Commons works.

We have tabled amendments. Others have tabled theirs, and will doubtless speak to them. The hon. Member for Middlesbrough (Sir Stuart Bell) has tabled a really important amendment that would take away the Standards and Privileges Committee from the protocol set out in clause 8(6). Our amendment 34 seeks to leave out clause 8(4), which, as far as I can see, is completely unnecessary. There is an amendment proposing to leave out subsection (5). Each one of those needs a response from the Minister justifying the necessity for not making those changes: it should not be for us to have to justify every line that we are trying to take out.

If the Minister is wise, and the Government are wise, this clause in its entirety can be substantially altered. She will then find that the Government have met their objectives of enabling IPSA to carry out its investigation and report to the Standards and Privileges Committee, leave it to the Committee, under our present powers, to implement whatever sanctions are necessary, and avoid the extraordinary mish-mash in the provisions as drafted, which will drag the House of Commons and its procedures into the courts.

Bob Spink (Castle Point) (Ind): I am looking at subsection (9). Would the hon. and learned Gentleman expect that, if there were criminal proceedings against an MP, in order to avoid double jeopardy the commissioner and IPSA should not be investigating the MP at the same time for the same complaint?

Mr. Grieve: There are clearly potential issues of double jeopardy. Double jeopardy is a rather complicated subject, and once we start putting it on a statutory basis we run much more risk of landing ourselves in the sands than under the current procedures. The hon. Gentleman makes a perfectly reasonable point, but given the limited time that I have had to scrutinise the detail of the Bill, I do not have the answer.

I hope that the Minister is able to answer those questions, and I look forward to hearing from her.

Mr. Redwood: I rise to support my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) in all that he says about the detail of the amendments, which would go some way towards abating the problems with clause 8, and in what he says in general about the need to keep Parliament in charge of disciplining Members of Parliament.

I find the wide-ranging debate that the Government have opened up on this clause and this Bill quite extraordinary. I have not heard any criticism of the

Committee on Standards and Privileges. I have never heard of a great public controversy because it was doing its job badly. We have not been told that its justice has been inadequate. We have not felt that people have been hard done by under it. We have not felt that those who deserved to be punished have gone unpunished. It is not an issue. It is extraordinary that we are being asked to overturn that and to make the Committee subsidiary to an outside body when there is no case against it and no charge sheet that anyone has heard about. I would like to concentrate on the need, as my hon. and learned Friend said, to recast the clause, if it has to stay at all, in a way that deals with the big issue of how IPSA appears to be superior to the Committee on Standards and Privileges and how it seems to have overturned the Bill of Rights.

If we look at subsection (6), we can see that the Government themselves acknowledge that the clause is a comprehensive muddle and a huge mess. As currently drafted, it does not make clear the relative powers and responsibilities of IPSA vis-à-vis the commissioner or the House of Commons Committee on Standards and Privileges. The subsection invites us to agree to a form of words whereby, although we know as legislators that it will not work in its current form and that the Government have not had time to work out how it might function, we would ask IPSA to consult the Speaker's Committee on the Independent Parliamentary Standards Authority in preparing a statement saying how all these different bodies could work together smoothly and harmoniously in a way that ensured that no difficult case fell between the gaps and that people were not put through double and triple jeopardy for no good reason. Under the list in that subsection, IPSA has to consult the commissioner, the House of Commons Committee on Standards and Privileges, the Director of Public Prosecutions, the Commissioner of Police of the Metropolis, the Speaker's Committee on the Independent Parliamentary Standards Authority, and any other person that they may have forgotten about. We can see what an absurd, burgeoning bureaucracy this is.

Mr. Peter Bone (Wellingborough) (Con): My right hon. Friend is making a powerful argument. Am I right in thinking, in parliamentary drafting terms, that because IPSA has been put at the top of the list it has priority in its duties over others?

2.45 pm

Mr. Redwood: I am not a legal expert, but I would read it in that sense. It seems that IPSA is being asked to take on the main burden and to be the main initiator.

I would have thought that given its wisdom and experience, the Committee on Standards and Privileges should be the guiding body. Many right hon. and hon. Members have given or are giving good service to that Committee. Several amendments drafted by those who have been working on it have already been accepted by the Government in the realisation that that experience is necessary. The Government should take this clause away and ask the Committee how it thinks it could best be phrased to preserve these two fundamental points: first, that Parliament must be sovereign, as the Bill of Rights rightly asserted, so that the people's rights are preserved in this Chamber; and secondly, that the good work and experience of the Committee on Standards and Privileges must continue without being messed up—without being subject to judicial review and intrusions that would not make it fairer or better but might make its work more difficult.

David Howarth (Cambridge) (LD): The right hon. Gentleman raises an important point about clause 8(6). Surely the crucial question is this: could the protocol that is drawn up by IPSA end up giving obligations to everybody else on the list? If so, it is extraordinary that IPSA should give obligations not only to the House of Commons Committee but to the DPP and the police. Surely that is a complete violation of the separation of powers.

Mr. Redwood: It is.

My reading of the drafting suggests that none of this is subject to parliamentary approval. IPSA needs the agreement of the Speaker's Committee, but we are not told what happens if the Speaker's Committee does not agree. IPSA could publish and try to assert its view regardless, because it appears that it is primus inter pares in these matters. No procedure is set down for reconciling disputes between the Speaker's Committee and IPSA. The implication is that once IPSA has published, preferably with the agreement of the Speaker's Committee, then that is the statement from which not only this House but the courts, if they become involved, will have to operate.

That is totally unacceptable. We are being asked to override not only the Standards and Privileges Committee but our own law-making powers by delegating a crucial element in how this complex and bureaucratic system is going to work to a draft from IPSA that it could not possibly undertake for several months until we know who the chief executive is and that person has a staff who can get to work and take advice. Presumably they would then come to see right hon. and hon. Members from the Standards and Privileges Committee. However, as the drafting makes clear, they do not have to take the view of those Members—they can come up with their own independent view and assert that.

For all those reasons, I hope that the Minister will realise that this proposal is impractical and cumbersome, that it cannot work, that it will delay justice rather than give justice, and that it will make the House of Commons look ridiculous rather than showing that we take these matters seriously. The overriding of procedures that have worked well is symbolic of a Government who love to railroad their way through traditional institutions that are already functioning in the name of modernisation without thinking about the difficult consequences that may follow. This will not produce more justice or a better administered Parliament; nor will it deal with cases that the present system would not otherwise deal with. It is a recipe for disaster.

Mr. Graham Allen (Nottingham, North) (Lab): The most painful part of this situation is that we are all now having to confront the reality of the relationship between Government and Parliament. Over the years, all of us—certainly me, in the past 20 years—have subjected ourselves to an incredible amount of self-delusion in thinking that the House of Commons actually meant something, that its powers were important, that it was somehow, if not an equal partner, then at least an elderly uncle whose advice could be taken seriously and had some impact on the parliamentary process and the legislative process.

[Mr. Graham Allen]

What the Government are now doing is honestly, although perhaps not deliberately, stripping away from Members of the House any last illusions that they had about the pathetic nature of the parliamentary branch of government, by not even allowing that misconception to continue. They are placing in statute, in clause 8 and other clauses, the fact that the House of Commons is at best a supplicant to Government.

I am reminded strongly of the process that has taken place under all Governments, and been suffered by all parties, of the atrophy of local government. It was never established in a written constitution, and it never had independence, but in many regards it used to have a degree of separation and functions distinct from national Government. Over a period of 20, 30 or possibly more years we have all seen, and those of us with experience in local government have felt at the sharp end, what has happened to our local government. Those who care about our democracy have seen it, too. Through perhaps 40 or 50 Acts of Parliament, the ability of local government to act independently has been stripped or sliced away. Now, virtually everything at local level is guided by statute, by central Government and by the man in Whitehall.

In essence, that is now our fate. Our role is being prescribed in a way that was never the case before because we did not want to disturb the people in the House of Commons or have crowd control difficulties. We wanted them to believe the mythology of parliamentary sovereignty. Just as local government's sovereignty is a thing of the past—we are all poorer for that, although many of us acquiesced in it—so parliamentary sovereignty is being condemned to the dustbin of history, not even with a nod and a wink but by statute.

We let that go at our peril. I am not necessarily suggesting that today is the day when we can halt the process, but we will rely upon the other place, and upon the Government themselves to retreat to some extent when they bring the Bill back to this House. We are relying on them to improve this dog's breakfast of a hurried, precipitate piece of legislation, caused by our fear of what the media have managed to concoct and reveal about goings-on in this place. I hope that the Government will retreat from some of the more extreme things that we see in the Bill. If they do not, that point—it may be only a couple of weeks away—will be a real watershed for our democracy.

Mr. Gerald Howarth: The hon. Gentleman is making an extremely important point. These are vital issues for the future of Parliament. I put it to him that this matter cannot be resolved in another place, because there are issues of privilege. My hon. Friend the Member for Stone (Mr. Cash) and my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) articulated them better than I can. This House will have to resolve the matter, and if it cedes authority, it will be finished as the supreme legislating authority in this land.

Mr. Allen: I am not suggesting that we should rely upon the other place, but even the fact that the Lords will have had a few more days to read the Bill, which I suspect colleagues in this place have not done, will allow them to table some serious amendments. The Bill will then return here, and I hope that at that point, those of us who have been in the Chamber for these debates will take up the challenge. There have been incredible contributions from all parts of the House, which I hope will be studied in detail in years to come as evidence of some of the days when Parliament said no to this process. I hope that we ensure that all colleagues understand what the consequences will be if we allow provisions such as clause 8 to go through unamended.

Mr. Hegg: I have just a brief point. I agree entirely with what the hon. Gentleman is saying. We are establishing an important precedent that could be invoked time and time again by future Governments. We need to be chary about doing that, because it will be a declaration about the relationship that Parliament deems that it has with our external authorities.

Mr. Allen: Indeed, and the louder the Government talk about democratising the House of Commons, the more careful we ought to be to study the legislation that comes forward. There is talk about reforming the House through a Select Committee, for example, but at the moment there is no resolution to establish such a Committee, and no terms of reference that command agreement throughout the House have yet been on the Order Paper.

There is ever stronger rhetoric about rebuilding our democracy, but of course the rhetoric can be belied by the lack of means to create that democracy. Indeed, the very means to undermine it further may be in front of us, but some of us may be missing them because of the loudness of the rhetoric about increasing and improving our democracy.

Mr. Redwood: I pay tribute to the hon. Gentleman for his work over a sustained period to try to get the House to take more power over the Executive. Does he agree that it makes for better government if Ministers see the need to come to the House early and have things exposed to proper debate, as I hope they will with this Bill?

Mr. Allen: That is a measure of the fear with which Governments unnecessarily view this House. If we have a strong House of Commons and a strong Parliament, Government themselves are the main beneficiary. We have better value for money, better legislation and more public involvement, and it does not require eight efforts to get child support legislation right. At least once a year we try to get the criminal justice system right. We should have proper pre-legislative and post-legislative scrutiny, yet there are those in government who run in fear of that, wishing instead to have legislation drafted by unelected officials in their Departments and rubber-stamped by the House. We all lose in that deal, and we could all win in a deal whereby a strong Executive had self-confidence and the judgment to take the view of the House when it had been properly and responsibly expressed. The only greater beneficiary than the Government would be the British people.

Mr. Cash: On the drafting of legislation, to which the hon. Gentleman has rightly referred, the evidence that has been heard in the past few days has had alarming characteristics. The most obvious is that first parliamentary counsel appears to have prepared the memorandum upon which the so-called Lord High Chancellor and

Secretary of State for Justice is relying. It is clear that there is a complete difference of opinion between the Clerk of the House and first parliamentary counsel. Does the hon. Gentleman agree that that ought to worry people a great deal?

Mr. Allen: I do not want to stray too far from the clause, but one day, when we have a self-respecting and self-confident Parliament, we will have our own parliamentary draftspeople and our own right to legal advice on going to war or whatever it may be. We will have our own capabilities to transform the legislative framework. At the moment, we have an Executive who are not directly elected by the British people taking the advice of a civil service that has no familiarity whatever with the ballot box. Members of this House are being overseen by people who have no understanding of electoral politics and our democracy, but who decide on the rights of Members. Those rights have been sacred—perhaps too sacred, but they have been in place for many years. I hope that colleagues will press their case to the Secretary of State, and that he will take away the expressions of anxiety that he has heard in the past day or so—and will hear until the end of the day—and rework the Bill so that it does what we all thought it intended to do: create a strong parliamentary standards authority to ensure that abuses that have happened in the past cannot happen in future. As part of that, it should construct a much broader framework, so that our legislature, rather than becoming a quango, an advisory body or a quaint but withered part of our constitutional arrangements, can play not only the role that it fulfilled in years gone by, but an important role in rebuilding our democracy and people's trust, which has been so sorely tested in the past month or two.

3 pm

Sir George Young: The shadow of the guillotine is beginning to fall over our debate, so I will not follow up the very interesting speech of the hon. Member for Nottingham, North (Mr. Allen), with whom I agree about many parliamentary matters, but focus on issues that directly concern the Committee on Standards and Privileges and enforcement.

I want to pick up the comment of my right hon. Friend the Member for Wokingham (Mr. Redwood), who said that the aspect of the Bill that we are considering is not the problem. The problem has not been the Parliamentary Commissioner for Standards and the Standards and Privileges Committee. We operate downstream, and the problems have been upstream, with processing and making claims. We do not process claims; we process complaints, and I believe that that part of the system has operated well.

The system was set up some 14 or 15 years ago—it is tried and tested and has been improved. The House has been well served by Philip Mawer and now by John Lyon. The Committee on which I serve has tried to operate the rules of the House dispassionately and fairly. In his evidence to the Committee on Standards in Public Life, which is now sitting, Anthony King said that that part of the system works quite well. Clause 8 would dismantle it at breakneck speed and try to replace it. By doing that at speed, one may not get it right.

The Government are trying to fetter the discretion of the Standards and Privileges Committee because they believe that the tariffs that we have operated are not tough enough. In the speech that the Leader of the House made a few days ago, she referred to the long time that had elapsed since someone was expelled. My hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) did not make it clear that the Standards and Privileges Committee simply makes recommendations on the tariff to the House. It is open to any Member and to the Government to amend the tariffs recommended by the Standards and Privileges Committee if they think that they are too lenient or too tough.

I believe that we could achieve some of the Government's objectives, not by dismantling the machinery, but by re-examining the tariff. If there is a general view that we are not being tough enough, we can tackle that without the proposed paraphernalia.

Mr. Walker: When a Member is suspended, even for as little as two weeks, that can effectively end their political career, as happened only recently.

Sir George Young: All we have are our reputations, which can be destroyed by a critical report from my Committee. That has happened many times. The reputational hit is not fully understood outside the House.

Clause 8 tries to make the Standards and Privileges Committee the agent of an outside body. The moment we do that, we run into all sorts of difficulties, which the Clerk of the House identified in his memorandum. One cannot make us the agent of an outside body, as subsection (2) would do, without running into all the constitutional difficulties that we outlined.

Amendment 32, which my hon. Friend the Member for Rutland and Melton (Alan Duncan) tabled, would remove IPSA's power to recommend to my Committee the application of a particular sanction. For that, it substitutes a power to refer its findings to the Committee. That would broadly replicate the current position, whereby the Parliamentary Commissioner for Standards reports his findings to the Standards and Privileges Committee, which then determines the appropriate sanction. I support that amendment because it replicates, as far as possible, the current position. I remind the House that my Committee has said that it would be prepared to have lay members serving on it if that helped solve the problem that the Government identified of our being somehow out of touch with the outside world.

Amendment 12 would remove the provision that allows the new commissioner to conduct an investigation into a case that is simultaneously the subject of criminal proceedings—the hon. Member for Castle Point (Bob Spink) made a point about that—while leaving in place the provision that allows him to carry out an investigation into a case that has already been the subject of such proceedings. That is crucial. We cannot have a position whereby a Member is subject to competing jurisdictions for the same offence. He cannot have his collar felt by the Metropolitan police and the Parliamentary Commissioner for Standards at the same time.

Perhaps I can leave the amendments that the hon. Member for Middlesbrough (Sir Stuart Bell) has tabled to him to consider. I have some sympathy with amendment 19, which deletes subsection (6). That would deal with the problem that my hon. and learned Friend the Member for Beaconsfield outlined. If subsection (6) is to remain, we must knock out the reference to the Speaker's

[Sir George Young]

Committee. The Committee on Standards and Privileges should be responsible for drawing up the protocol; it is nothing to do with the Speaker's Committee, which is solely concerned with appointing and spending plans, not procedure.

I have genuine anxieties about the implications of the Bill. The way through is to follow the path laid out by my hon. and learned Friend the Member for Beaconsfield, which avoids some of the complications that he rightly identified.

Mark Durkan: The hon. Member for Nottingham, North (Mr. Allen) made some significant points, many of which arise in the context of clause 8. Of course, many go much further, too.

In our debates, we keep coming up against the "there's a hole in my bucket, dear Liza" syndrome. We claim that we want to create an independent parliamentary standards authority, yet, at every turn, we assert the sovereignty of Parliament and say that there must be a dual control brake on anything that IPSA or an investigator might do. We need to get real. The public feel little about the sovereignty of Parliament, which we value and discuss here, but are very angry about the avarice of parliamentarians, as they perceive it and as has been represented over past months. People want to know that we will allow any independent standards authority that we create to be independent. Yes, we should ensure that there cannot be excesses and that there are limits. We must also ensure protection for Members' rights and reputations, individually and collectively. Several sensible amendments have been tabled about that, and some are in the group that we are considering.

Mr. Gerald Howarth: We all understand the public anger, but we cannot simply have a knee-jerk reaction—I see the Justice Secretary frowning, unusually. If we understand the significance of parliamentary sovereignty and the public do not, and we knowingly impair it, we will damage hugely the interests of our constituents and our ability to serve them. It is nothing to do with protecting us, but with safeguarding the fundamental rights of the British people and our powers in this place to represent them. We must not allow the Bill to impair that fundamental principle. If we do so, we do grave damage to our constituents.

Mark Durkan: I thank the hon. Gentleman for that point. None of us wants to do damage to the sovereignty of Parliament. However, we will not help the reputation of Parliament if we respond to every measure to try to restore credibility and public confidence by simply boasting about the sovereignty of Parliament. I have heard more from some hon. Members about the sovereignty of Parliament and about standing up to the Executive and not being cowed in relation to this Bill than I heard in relation to measures such as the Counter-Terrorism Act 2008, when Parliament really should have asserted itself and when a lot of people should, in good conscience, have known that something was wrong. The same goes for identity cards. I have heard people today celebrating what has happened, yet they were willing to be whipped into voting for them and all the rest of it, so let us be a bit more real about some of these issues. It seems that some people are a bit more assiduous in protecting the sovereignty of Parliament in relation to parliamentary standards and the privileges and rights of Members than they have been in relation to the wider interests of their constituents and the citizens of the United Kingdom. So let us get real all round. It is not just the Executive who have questions to answer; all of us have questions that we should perhaps ask of ourselves and that we should answer.

Amendment 32 is sensible. The idea of the authority making recommendations and just giving them to the Standards and Privileges Committee on a hand-me-down basis seems crude and excessive. Amendment 32 would deal with that, thereby obviating the need for amendments 17 and 65, which would seem to be sensible. Some of the other amendments, however, I am not so sure about. Amendment 34 would mean leaving out clause 8(4), which would in turn mean leaving out subsection (5). I do not know that it would be right to leave those two subsections out. There would then be a hole in the procedures and a hole in the Bill, although some fine-tuning may still be needed.

Mr. Grieve: It is very simple: if the hon. Gentleman reads the report of the Select Committee on Justice, he will see that everything after clause 8(4) does nothing to add to the regulatory powers of IPSA, but everything to undermine the independence of this House. By taking out one, the rest fall down like a domino, and that is why it should go.

Mark Durkan: That is also why, if people think that we have to be cautious, because the legislation has been brought forward in haste, I would be cautious about demolishing parts of it in haste. We need to consider whether we are getting the tuning of the Bill exactly right.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I can understand the hon. Gentleman's caution. In particular, he was right to remind the House of the importance of the independent handling of expenses, salaries and finances. However, if we are cautious about what we allow to go through in the Bill, so that it focuses on that core function, but then decide after more consideration that there are other functions or ways in which we want to go further, that is surely safer than allowing things to creep through in the Bill that are dangerous or have risks attached, and then repenting at leisure as we try to sort them all out.

Mark Durkan: I fully agree. Indeed, I have supported a number of amendments and, even in this bunch, there are a number that I would support and some that, if adopted, would make the need for others disappear. However, I worry that some of the amendments would go so far as to leave a significant hole in the Bill. That might provide a site for which planning permission could be given to do more things in relation to other issues. However, I would prefer to hear from the Justice Secretary or the Deputy Leader of the House before drawing those full conclusions.

On clause 8(6), we definitely need some provisions in respect of a protocol, but I believe that subsection (6) is wrong as drafted. I do not go as far as the hon. and learned Member for Beaconsfield (Mr. Grieve), in saying that it is a recipe for disaster or that the sky will fall, in the way that he colourfully suggested it would. However, perhaps we have all missed something. Perhaps we

should have amended subsection (6), so that it said that IPSA and the Speaker's Committee or the Standards and Privileges Committee would seek to agree protocols with "the following". Instead, subsection (6) says that IPSA will prepare a statement or a protocol on how "the following" will work together. That means not just how "the following" will work with IPSA and somebody else, but how "the following" will work together. It therefore seems that something needs to be done about subsection (6).

Mr. Jenkin: I will endeavour to be as brief as possible, Mrs. Heal. I beg to move amendments 65, 66, 64—

The First Deputy Chairman of Ways and Means (Sylvia Heal): Order. Perhaps I should remind the hon. Gentleman that we are actually discussing amendment 32. He can speak to those amendments, but they do not need to be moved at this point.

Mr. Jenkin: I am out of practice again, Mrs. Heal. I wish to speak to amendments 65, 66, 64 and 67, which relate to privilege and should be read in conjunction with amendment 94, which will be debated under clause 10, should we get that far.

3.15 pm

The importance of privilege was underlined by the learned Clerk in the evidence that he gave yesterday. It is well to remind ourselves of the purpose of privilege. He said:

"If there was not that freedom"

of speech,

"Parliament could not…function effectively."

He said later:

"I think the traditional view in this country, the United States and a lot of other countries, is that if speech is not free in the House of Commons, it is not free anywhere…we are not unique by any means. All systems have immunities and they are recognised."

Most importantly of all, he made it clear that

"if you start to make exceptions to parliamentary privilege for one reason or another, under one Act or another, eventually you will undermine the whole principle."

The Chairman then said:

"The earlier decisions to do this are now being adduced in support of the current proposals,"

to which the learned Clerk answered yes. That is why we should tackle the question of privilege in these debates.

Mr. Edward Garnier (Harborough) (Con): Is not the short point that the only thing that stands between the people and arbitrary government is this Chamber? If we undermine the position of this House in that relationship, we open up the possibility of dictatorship, arbitrary government and misconduct in government. If we lose sight of that, we might as well give up.

Mr. Jenkin: I wholeheartedly agree with my hon. and learned Friend. I would submit that, not by virtue of the erosion of our sovereignty but by virtue of the imposition of whipping—the whipping on this Bill on the Government Benches is an example of that—the House of Commons is not losing its sovereignty, but simply giving away our influence. We should use this opportunity to wrest it back.

I support the principle of independent regulation. Indeed, I do not think that anyone speaking in this debate has suggested that we should take the principle of independent regulation out of the Bill. The scheme that I propose with the amendments standing in my name would mean that the process of independent regulation would become privileged itself. We should put an envelope of privilege round the entirety of the Bill's operation, with the exception of the criminal offences, which is another matter that I shall not try to address. However, the principle is that privilege should envelope the entire Bill.

Therefore, my amendment 65 proposes a new subsection (2A) of clause 8, which reads:

"Any recommendation under subsection (2)"—

I am led to understand that that would also mean any direction under subsection (1)—

"shall be deemed to be proceedings in Parliament as expressed in the Bill of Rights 1689 notwithstanding any other provisions of this Act."

That would have the effect of making the activities under clause 8 privileged—that is, beyond question by the courts, so that they could take in evidence what Members of Parliament had said in this place, because their proceedings would be privileged. There would then be no question of any of our proceedings leaking into the jurisdiction of the courts outside Parliament. I have also proposed a similar amendment to clause 7, for debate on Report, which would mean that all investigations would be regarded as proceedings in Parliament.

My amendment 64 would remove clause 8(8). I have read subsection (8) many times, but I simply do not quite understand what it means. It seems to me to have been drafted highly ambiguously—although that probably means that parliamentary counsel are much cleverer people than I. However, even the explanatory notes say that subsection (8)

"preserves the right of the House of Commons to exercise any disciplinary powers which it may have."

I do not know why we need to legislate in the Bill to allow a sovereign House of Commons to continue to exercise its own disciplinary powers. Why is that in the Bill?

The explanatory notes continue:

"It is not to be limited to acting only following an investigation by the Commissioner or a recommendation from the IPSA."

If we believe that we are sovereign, how could any implication in the Bill limit what the House of Commons does? The very fact that the Government have sought to put this provision into the Bill at all underlines the weakness of their case that so much of this is justiciable: they are putting provisions in legislation to try to prevent the actions of the House from becoming justiciable and limited.

Mr. Straw: I am listening to the hon. Gentleman with some care, but if I may say so, I think he is making a bit of meal of subsection (8), which is there for clarification. That is its purpose, although I would be happy to give it further consideration, if necessary.

Mr. Garnier: I thought we were on clause 8.

Mr. Straw: I thought we were on clause 8 as well.

Mr. Jenkin: I will move on as swiftly as I can.

My amendment 67 addresses the question of what should take precedence. Even if there is, as I propose, an envelope of privilege around the entire activities of IPSA and the commisaioner, there would still need to be

[Mr. Jenkin]

some means of deferring to criminal proceedings if they were in progress. It is in any case something that we do automatically on an administrative basis within the House. The amendment proposes:

"Where any criminal investigation or proceedings are concerned with the same or related matters which are the subject of an investigation by the Commissioner or of a recommendation by IPSA, the criminal investigation or proceedings shall take precedence",

and I add,

"subject to the agreement of the House of Commons Committee on Standards and Privileges",

which should surely be the final arbiter of such a case.

Finally, I shall briefly refer to amendment 94, which I appreciate is in a different group. It would amend clause 10, and it states:

"Where proceedings of the IPSA and proceedings of the Commissioner arise from section 7 (investigations), section 8 (enforcement) or section 9 (offences), they shall be deemed to be proceedings in Parliament in accordance with Article IX of the Bill of Rights 1689."

My amendments may be imperfectly drafted and they may not create a perfect envelope around the activities that need to be enveloped, but I honestly believe that they provide a solution to the Secretary of State's problem. He wants independent regulation, he wants the independent regulator to be able to look at all the evidence, and he wants the commission to be able to conduct investigations as freely as possible, but he really does not want the courts interfering with these processes and he does not want to provide an avenue for the courts to look at what has been happening in Parliament and to have a chilling effect on free speech.

If my amendments are accepted, along with those in the name of my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) that strike out the final subsection of clause 10, we will have created a perfect envelope to allow the Bill to go forward—enveloped by privilege exactly as I believe the Secretary of State intends, but as the Bill fails to deliver at the moment, which is completely unacceptable.

Sir Stuart Bell (Middlesbrough) (Lab): I am grateful, Mrs. Heal, for the opportunity to participate in the debate on what the hon. and learned Member for Beaconsfield (Mr. Grieve) has said is possibly the heart of the Bill. I shall speak to amendments 18 to 21, which I tabled.

The essence of this part of the Bill, as the hon. Member for North Essex (Mr. Jenkin) has said, is the Independent Parliamentary Standards Authority, which is not a matter of question in the House, as it has been fully accepted and agreed by the parties themselves as well as by the party leaders. What has been a cause for concern is the determination of privilege in this House, and particularly whether it should stay within its precincts or whether, in line with Congress in the US, it can be subordinated to the Supreme Court in that case, or to the courts of law in our case. It has always been my view that conveying parliamentary privileges to the courts for them to determine our actions, our speeches, our proceedings in Committee and the like not only destroys the essential pillar of our democracy—the pillar that protects to the Member of Parliament on the Floor of this House—but prevents a Member from seeking to defend the constituents who sent him here. The principle of redress would be somewhat diminished if our proceedings were to be interpreted elsewhere and a determination of them made elsewhere. That would certainly destroy the essence and basis of the House of Commons as we know it, which would do a great disservice to past generations and also to future generations of parliamentarians.

I am grateful to Dr. Malcolm Jack and the Clerks for putting together a very important and significant document to deal with the problem. If I may, I will happily paraphrase liberally what it says. As I understand clause 8, which deals with enforcement, it raises a number of questions of principle relating to privilege. Clause 8(2) identifies recommendations to the Committee on Standards and Privileges that would be covered by parliamentary privilege, but if the Committee declined to act on a recommendation, it could presumably become the basis of legal proceedings in which the Commissioner, or someone else, sought to require the Committee to comply. In my humble and respectful submission, Mrs. Heal, it is not enough to argue that clause 8(2) speaks only of a recommendation, as the extent to which a reasonable recommendation should be accepted would itself become a matter for determination by the courts and a matter of interpretation.

Clause 8(5) appears to make the exercise by the House of its disciplinary powers a matter of statute, since it seems to confer on the House a statutory permission to exercise those powers in the circumstances provided for in the subsection. If the circumstances in which the House may exercise disciplinary powers became a question of law, it would then be open to challenge before the courts. There are a number of examples that I could provide here, but I am aware of the guillotine on our proceedings and I would not wish to delay the Committee in its consideration of my amendments and others. It could be argued, however, that it is only the "failure" under clause 8(4) and no other, that may be punishable by the House. That would be a question requiring determination by the courts.

Clause 8(6) requires IPSA to prepare a protocol on how IPSA, the Commissioner, the House of Commons Committee on Standards and Privileges, the Director of Public Prosecutions, the Commissioner of Police of the Metropolis, and any other person whom IPSA considers appropriate, are going to work with each other. Given the various examples of the intervention of the police in our precincts and their involvement in politics over the last few years, I am not entirely sure that the Commissioner of Police of the Metropolis will be very enthusiastic about embracing that concept. I would not imagine, or dare to suppose, what the Director of Public Prosecutions would say to that, either. It is not clear to me whether this is meant to impose any obligation on any of the parties to observe the protocol. Again, this will be a question of law to be determined by the courts. If it imposes an obligation—and there seems little point in having such a protocol unless it does impose some sort of obligation—it raises the question of whether IPSA should be entitled to bind a Committee of the House as to how it is to conduct its own work. An analogous issue arises for the DPP in the exercise of his discretions as to whether proceedings should be fettered.

I believe that there are dangers in this enforcement clause. It could lead to litigation, or constrain the House in the use of other sanctions that might be

regarded as disciplinary. The issue of a formal reprimand and a formal requirement for an apology are within the powers of the House, but are not covered. The clause might also prevent the House from adopting other sanctions required by certain circumstances. The hon. and learned Member for Beaconsfield mentioned some of the sanctions currently available to the Committee on Standards and Privileges: for example, the ability to ban a Member from the use of certain facilities of the House.

I intend my amendments to help the House to preserve its privileges and to avoid a determination of those privileges by the courts.

Mr. Llwyd: When I speak about privilege, I do not do so as a member of any kind of club. It is the privilege of the people whom I represent that I am defending today, rather than anything to do with me personally or with any other Member. Similarly, when we talk about sovereignty we are talking about the sovereignty of the people, and we should hold that sacrosanct as well.

3.30 pm

In evidence submitted in a memorandum yesterday, Professor Dawn Oliver of University college London said:

"I am afraid my general reaction is that the issues about MPs' salaries, allowances and standards are too important to be dealt with in a bill rushed through Parliament without any prior consultations, Green Papers, etc., especially since the Committee on Standards in Public Life is considering some of the issues covered by the Bill along with others."

Viewing the reality of the situation, however, she went on to say:

"Having made those points I assume that much of the Bill will be passed, and my remaining points are on details and how some of the problems about parliamentary privilege might be avoided. I go through the Bill clause by clause."

On clause 8, she said:

"(2) may be omitted. The House would in any event be able to exercise its disciplinary powers under existing privilege rules.

(4) (5) are unnecessary. The House has these powers anyway.

(6) amend to omit (c). Under (f) it is obvious the IPSA will consult HC bodies.

(8) is unnecessary. If omitted (10) is unnecessary. Both should be omitted.

(11) would be unnecessary if the above measures are omitted as suggested."

Members might consider that a rather iconoclastic and Luddite response to the Bill, but it comes from a professor of constitutional law who knows a thing or two about the field that we are discussing.

In the interests of brevity I shall concentrate on amendment 32, which I regard as a very elegant way of achieving what the learned professor wanted. I think that we are trading on extremely dangerous ground. We are driving a coach and horses through the constitution of this place. I do not say that through any love of this place. The hon. Member for Nottingham, North (Mr. Allen) made some very good points, and I want to align my position with his.

Mr. Edward Leigh (Gainsborough) (Con): The hon. Gentleman has put his finger on what concerns me. At present we have a rule called parliamentary privilege, to which there are certain exceptions. We are in danger of moving slowly towards a rule—the supremacy of the courts—with certain exceptions based on parliamentary privilege. There is a very strong difference between those two concepts.

Mr. Llwyd: That is absolutely true. If we meddle with parliamentary privilege we shall start a torrent of litigation, and, more to the point, we shall find that we are unable to do the work that we should be doing on behalf of our constituents.

As I said yesterday, and as Members know, we sometimes hide behind the cloak of privilege. We do it rarely, but we do it to good purpose when an overbearing person or company treads on an innocent constituent who is unable to fight back. We can often redress the balance in this place, but we shall soon find that we are unable to do that if our deliberations become subject to the law of the land. If that power were abused I would say, "Fine, let's get rid of it," but it is not abused. It is an essential tool for us as parliamentarians, and we should not allow anyone to start chipping away at it.

Amendment 32 deals with the issue sensibly. It preserves the role of the Committee on Standards and Privileges. Although I speak as a member of that Committee, I think that it has done a good job. I echo what was said earlier by its Chairman, the right hon. Member for North-West Hampshire (Sir George Young). I hope that if the amendment is pressed to a Division, Members will see fit to support it, in the best interests of this place and, more importantly, in those of their constituents.

Sir Robert Smith: I shall speak briefly, because we must try to reach clause 10 somehow, although I fear that in view of the way in which this debate is proceeding, we shall not manage to do so.

All the speeches so far have been extremely important, and have focused effectively on the issues at stake. The message to the Government is that we should have been allowed more time to scrutinise the legislation properly, and the message to the other place is that it will have to work very hard to ensure that we do not let slip anything that we should not have let slip. As has been said, when we talk about protecting privilege we are talking about the privilege of our constituents. It is extremely important to remember that.

As the hon. Member for Foyle (Mark Durkan) reminded us, we must acknowledge the context of the wider debate: the fact that we need to rejuvenate by introducing the external handling of allowances, expenses and finances. We should not go too far too quickly, however, and do other damage to the way in which this House works. In the long run, we do need major reforms: constitutional reform, such as a proper written constitution, and other ways to tackle issues that come before the House. That is not going to happen in Committee today, however. Therefore, I urge the House to support amendment 32 and to take on board the wise words of the right hon. Member for North-West Hampshire (Sir George Young) about protecting the role of his Committee.

I urge Members to make sure that the Bill remains focused on the key political imperative of addressing the aspects of this House that the public have concerns about. It should not go wider than that at this stage. We should look at other issues in more measured times; thereby we can ensure that we do not do any more damage that could undermine the workings of the House. If we were to do such damage, undoing it

[Sir Robert Smith]

would be almost impossible. It is therefore very important that the Bill remain narrow in focus—and that is even more important given this short debate, and the lack of time.

Mr. Heathcoat-Amory: Hon. Members in all parts of the House are making valiant attempts to improve this part of the Bill. I support most of the amendments, but this is essentially a fruitless exercise because we are trying to improve a Bill that is irretrievably broken. The debate we have had on this clause highlights that; it shows the problems caused when an attempt to fix the allowances system becomes, during the course of the Bill's passage, an attempt to reform large chunks of the British constitution. If that was the aim, it should have been admitted right at the start, and the attempt to achieve it should have been approached with due humility and after a good deal of deliberation. Instead, we are now stumbling around the constitution, touching on very delicate matters of immunities, rights and privileges. If such reforms are necessary, they should be the subject of an entirely different piece of legislation.

What we are doing in this Bill is setting up new bodies and creating new appointments with new powers and responsibilities, but the relationships between them all are very unclear. They overlap, and they conflict in a number of important respects. That is very well illustrated by subsection (6), under which this entire matter is to be postponed to a "protocol" to be drawn up by one of the new bodies—the super-quango itself, IPSA—to try to find a way of ordering the relationships between the bodies, both old and new. If the protocol is to be effective, it will have to be an extraordinarily long document.

I do not know who in IPSA will do this work, as I do not know what the staffing arrangements will be, but they are going to have to try to order the relationship between the police and this House, for instance. We all know that that is a very difficult matter and we glimpsed that in the police raid on an hon. Member's office. One aspect of that was that a computer that was seized probably contained material that touched on matters of the House and proceedings in the House; it certainly contained files that held material relating to other hon. Members. Wisely, the police did not proceed with that prosecution, but that matter of privilege was said to be the subject of an extensive document—which I have not seen yet. That is just one tiny example of the problems under an unwritten constitution of ordering the relationships between the external enforcement authorities—the police—and this House and its Committees. So if we are to codify the entire relationship, not only the one between the House and the police, but the one between the Director of Public Prosecutions and other persons unknown, and the relationships involving IPSA and the commissioner, that will require a real volume in itself and it is all unnecessary.

The dangerous part is that the protocol will, by definition, restrict this House. If it were not to do so, it would be a completely pointless document. There is no point having a protocol that does not do something, because it, thus, merely becomes a declaration. It becomes a bit of a new Labour totemic label: something that is desirable but has no effect. If something is in an Act of Parliament, it is designed to bind and to impose obligations, and one of the bodies on which this Bill will impose obligations is the Standards and Privileges Committee. It is wrong that that should be done in a protocol drawn up by an external body. If the Bill is intended to bind this House in this way, that should be openly admitted by those on the Treasury Bench. Of course, our Committees work to rules in Standing Orders, but this Bill means that they will obtain instructions in a protocol drawn up by other people. If that is intended, it should be admitted. If it is not intended, it should be withdrawn.

Mr. Walker: Over the past 17 years, whenever there has been a crisis of confidence in this country, Parliament has created a quango. We are now reaping what we have sown because we are creating a super-quango to regulate ourselves, and that is a retrograde and extremely worrying step. I say to the hon. Member for Foyle (Mark Durkan) that of course the public are concerned when we seem to get on our high horse about sovereignty—

Mr. Straw: The hon. Gentleman says that this body will be a super-quango. He may wish to describe it pejoratively as such, but may I remind him that on 10 June his own party leader actively supported its establishment?

Mr. Walker: The Secretary of State makes my argument beautifully. This is a House matter, and I am raising my concerns as a Member of Parliament who is defending the sovereignty that goes with being an MP and that belongs to my constituents. I do not think that the British public really despise us because of our expenses—that situation is a manifestation of their frustrations; they despise us because we have become supine lickspittles, who are more concerned with sucking up to the Executive than with representing the public's views in this place. We are in grave danger of handing—

The First Deputy Chairman: Order. I wonder whether the hon. Gentleman is going to continue with his remarks in relation to amendment 32.

Mr. Walker: I just wish to support my Front-Bench colleagues in introducing their amendment. This is a very imperfect Bill—it is an appalling one—but at least they are trying to make it a little better and a little more tolerable.

The Parliamentary Secretary, Office of the Leader of the House of Commons (Barbara Keeley): The 17 amendments in this group make it the largest that we will discuss today, so I hope that hon. Members will bear with me as I go through them. First, I wish to touch on a matter that a great number of the people who have contributed to this lively debate have discussed: privilege and concern for their constituents. There is a danger—some of the later contributions started to approach this—that that view could become self-serving, and we must be careful to avoid that. A number of the contributions reflected the fact that we must keep reminding ourselves that we are in the middle of a recessionary downturn and that what people are worried about is not the issues that some hon. Members have raised. What people are worried about is their jobs and their homes. In the middle of all that, we have faced a scandal with which we have to deal. That is the key matter.

Mr. Garnier: I hope that the hon. Lady is not going to allow herself to be misled by the ancient word "privilege", which is a confusing one. I appreciate that those who do

not think about it might find it difficult to understand its meaning. Perhaps we should use terms such as "trusteeship" or "duty"—words that are more widely understood. However, for shorthand purposes—thanks to the Government's guillotine we have to speak in shorthand—the word "privilege" is the one that we will use and understand in this Chamber. That may require us to explain the term to those outside, but that should not allow her to misbehave in introducing her remarks by traducing those who have spoken not only passionately, but very seriously about the questions relating to the privileges of this House.

3.45 pm

Barbara Keeley: I am not doing that: I am just seeking to remind hon. Members of the context in which we are operating. It is easy, when we get absorbed in a three-day debate, to forget the context outside the House.

Mr. Carmichael: May I refer the Minister to the words of Lord Bingham when he gave evidence to the Joint Committee on parliamentary privilege in 1998? He said:

"The term 'privilege' is, I think, plainly unfortunate, although hallowed by long usage. It wrongly suggests some perk or special right or dignity, which certain office-holders enjoy, when attention should be concentrated on the limited exemption from the ordinary law which the effective performance of a public duty requires."

That is what we are talking about. Does the Minister agree that we throw that away at our peril?

Barbara Keeley: Indeed I do, but I do not think that the sensible measures in this Bill would do that.

Sir Robert Smith: The Deputy Leader of the House dismisses the comments of my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael) with one line, but she earlier prayed in aid the fact that we are in a recession with which the Government do not seem to have been coping. A recession should not be an excuse for failing to take seriously the constitutional position of this House.

Barbara Keeley: I agree, and I hope that I have not given that impression.

Amendments 32, 33 and 36 would remove the power of the new body—IPSA—to make recommendations to the House about possible disciplinary sanctions and the provision that the recommendations might be published. The hon. Member for Foyle (Mark Durkan) made the point that we cannot have a dual control system. This is not a driving lesson: we need to change the system and we cannot have dual control.

As my right hon. Friend the Justice Secretary mentioned, we have all agreed that we need to set up an outside body to take over the running of our allowances and the financial rules. We cannot continue to be wholly self-regulating in such matters. The approach that we have adopted is to provide for IPSA to recommend—or, in some cases, direct—action, but to leave it to the House to enforce it. That is the key point, and that approach best treads the path between responding to the real public anger on this issue and respecting the position of the House.

There has been reference to the work of the Standards and Privileges Committee, and we have to weigh the excellent work that it has done in most cases with the very real public discontent with our processes. It would not meet our objectives of transparency and independence if all IPSA could do were to make a report to the Committee. One of the key messages that we have to take from the public anger about these matters in recent months is that the old way of dealing with them is no longer judged to be adequate. We are not overriding procedures that the public perceive as working well and we cannot return to a system that is entirely managed within the House.

The proposals in the Bill would give the House as large a continuing role as is compatible with meeting the concerns of our constituents that we must be seen to be subject to proper regulation and supervision.

Mr. Cash: Does the Minister think that the public might be extremely angered by the idea that they as electors should see such decisions taken by the courts rather than by those whom they have elected? That is a fundamental question of democracy. I suggest that an opinion poll would be guaranteed to show that at least 85 per cent. of the electorate would prefer to continue with their democracy, not hand it over to judicial supremacy.

Barbara Keeley: The point that I keep asserting is that we need to be clear about the public confidence, and the public do not have confidence in some of the processes that we have been talking about.

I want now to turn to amendment 17.

Mr. Redwood *rose—*

Barbara Keeley: I shall give way, but time is very limited and I have a large group of 17 amendments to work through.

Mr. Redwood: Can the Minister not understand that the public were unhappy about the generosity of the scheme and the lax administration in some cases, not about the enforcement of cases against Members who had misbehaved? She is tackling the latter, not the former. How does that make any difference to the issue that annoyed the public?

Barbara Keeley: I am going to have to start repeating myself, Mrs. Heal, if people keep asking me the same questions.

Let me turn to amendment 17, which was tabled by my hon. Friend the Member for Middlesbrough (Sir Stuart Bell). I understood the concern expressed in this amendment that, as the clause is drafted, it might make a decision of how to respond to a recommendation justiciable, or at least that the Standards and Privileges Committee would be obliged to act on a recommendation in some circumstances. The key point is that nothing in the Bill takes away the inherent powers of the House to discipline its Members as it thinks fit. In fact, there is a provision that makes it clear that nothing in the Bill prevents the House from exercising its disciplinary functions other than following an IPSA process. IPSA has the power only to recommend, not to enforce its recommendations, so it is quite clear from the Bill that the Committee and the House have a free hand to do with the recommendation what they think fit.

Mr. Grieve: That simply cannot be right. If the Minister has bothered to read the report from the Justice Committee and the opinions of experts, she will know that the decisions will become justiciable because they have been

[Mr. Grieve]

incorporated in statute. We cannot get away from that—it cannot be magicked away—and so far, I have to say, she has said nothing about that.

Barbara Keeley: To return to amendment 17, I understand that the Members who tabled it might be prepared not to press it to a Division because of the key point that I have just made. The amendment carries the risk of fettering the Committee's discretion.

Mr. Leigh: Will the hon. Lady give way?

Barbara Keeley: I need to make a little progress.

Let me turn to amendments 65 and 66, which were tabled by the hon. Member for North Essex (Mr. Jenkin). I understand that amendment 65 concerns fears about how the courts will react to a new regulatory scheme. In particular, there is a concern that the Standards and Privileges Committee could be subject to judicial review for failing to follow a recommendation. The Bill does not repeal article IX of the Bill of Rights—nor does it disapply it. In the absence of an explicit provision or necessary implication, a court will continue to read article IX as applying. There is clearly no necessary implication in these provisions that article IX should be taken to be amended in any way. That would mean that it is more likely that a court will consider that any proceedings of the Standards and Privileges Committee would remain within the protection of article IX.

Mr. Jenkin: The Bill contains other clauses, which have been put in for clarification, such as that which makes it clear that the House can continue to use its disciplinary procedures unfettered by IPSA. Why not have a clarification in the Bill of exactly what the hon. Lady has just said that she believes that the Bill will do? A great many people, including the learned Clerk of this House, do not agree with her.

Barbara Keeley: We have to be in a situation of clarity—[HON. MEMBERS: "Absolutely."] Okay, well, we can try to move to that.

Let me move on to amendment 66. A number of amendments tabled by right hon. and hon. Members concerned the protocol in clause 8, which was actually meant to be helpful. The Justice Secretary and I have been surprised at the extent to which difficulties have been expressed about that, and we are prepared to take it away and to consider it. I wonder whether the hon. Member for North Essex might be prepared to withdraw amendment 66, as it links in with matters of the protocol that we will be considering.

David Howarth: Will the hon. Lady clarify whether the Government's intention is for the protocol to create obligations on the people on the list in clause 8? If that is not the Government's intention, a lot of the problems will fade away when they come to reconsider the matter.

Barbara Keeley: No, it was not the intention to create binding obligations. The provision was expressly limited to a statement about the way in which the bodies would work together. It was meant to be helpful. It will not create binding obligations, but it is clear that Members have concerns about it. A number of amendments in this large group relate to the proposal, and the Justice Secretary has said that we are prepared to reconsider the matter.

Mr. Grieve: I come back to my point about justiciability, about which the Minister must have a view. I believe that incorporating references such as to the protocol or the role of the Standards and Privileges Committee means that the process must be justiciable henceforth—contrary to the previous position under article IX of the Bill of Rights. The Government must have an opinion on that, but the Minister still has not given it to us.

Barbara Keeley: We have said that we are prepared to have a look at the matter. We are going to have to leave it there.

I have just touched on amendment 66. Amendment 46 is about giving advice to Members, and I hope that the hon. Member for North Essex will accept that we have dealt with that already.

Mr. Leigh: The Minister must realise that this is a matter of acute concern. The Bill of Rights has been there for 300 years. It has protected the liberties of our people and made us the most law-abiding democratic nation in the world. Will she now please reply to the point put carefully to her by my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve)? She is replacing the Bill of Rights with a provision that renders matters pertaining to the House justiciable. We must have an answer before we move to a vote.

Barbara Keeley: We do not believe that those matters will be justiciable. Opposition Members have said that they want to reach the later amendments, so we are going to have make progress.

I believe that we dealt with amendment 46 in an earlier debate, and I turn now to amendments 34 and 18. We have deliberately devised a scheme in the Bill so that the House retains the power to discipline its Members. Apart from the criminal offences in clause 9, the ultimate decision about what action to take against an MP remains with the House. It will be for the House to decide whether to punish a Member for not supplying information or for failing to comply with a direction, and it will be for the House to decide what to do with a recommendation from IPSA for other sanctions.

We believe that concerns that the provisions are breaches of privilege are misplaced, because they have been carefully drafted precisely to preserve those privileges of the House. The alternatives would have been to make every breach of the rules on allowances or the registration of interests into a criminal offence, or to give IPSA itself a power to enforce its decisions.

Both options would lead to giving a body outside Parliament far more of an incursion into the proceedings of the House, and would certainly be a breach of the principle of exclusive cognisance. Therefore, I urge the Committee to reject the amendment.

Sir Alan Beith: I think that the Minister is confusing things that involve proceedings in this House and things that do not. The payment of allowances is not a proceeding in this House. It is possible to deal with it through measures that do not impinge on parliamentary privilege. They may give rise to the problem of justiciability, but they do not raise issues of privilege. If the Government recognised that they can deal with pay and allowances without interfering with privilege, they would not have to disapply article IX of the Bill of Rights—as, contrary to what she said earlier, clause 10 does.

Barbara Keeley: There does need to be that independent authority.

Mr. Jenkin: Will the Minister give way?

Barbara Keeley: No, as I am going to work through the rest of the amendments.

Amendment 19 would omit subsection (6) of clause 8. I have said already that that subsection, on protocol, was meant to be helpful. Clearly, Members are not finding it helpful and we have agreed to look at it again to be helpful as the Bill progresses further through the House.

Amendment 20 would substitute the Committee on Standards and Privileges for the Speaker's Committee on the Independent Parliamentary Standards Authority in the first line of clause 8(6). That is a sensible thing to do, and we are prepared to accept both that amendment and amendment 21.

Amendment 64, which is in the name of the hon. Member for North Essex (Mr. Jenkin), would remove the provision in the Bill that makes it clear that the House's powers to discipline its Members are not constrained by the Bill. The point of that provision is to confirm that the House continues to have the freedom to discipline its Members in any way that it chooses, and in any circumstances that it considers relevant. For example, the House will continue to have the power to punish breaches of those parts of the code of conduct that are not transferred to the authority of IPSA. That power is not conferred by the Bill. The Bill, of course, does not give the House permission to exercise its powers; the provision is simply a statement of fact, included for the avoidance of doubt.

4 pm

Mr. Jenkin: The Minister mentioned the term "exclusive cognisance". Can she explain to the House what she means by that, and what she understands by that term?

Barbara Keeley: No. I will not lengthen the debate by that method. Given that amendment 64 is about a simple statement of fact that is included in the Bill, for the avoidance of doubt, I urge the hon. Gentleman to withdraw it. Amendment 67 is, again, on a matter that is linked to protocol. We have decided during this debate that there are a number of matters that should be looked at. We can support the principle behind the amendment, and can look to make some drafting changes as the Bill progresses, if that is acceptable to the hon. Gentleman.

On amendment 97, we accept the point made about double jeopardy. We definitely need to get the wording right. If we have not got it right, we need to do so, and I hope that the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) will accept the assurance that we will ensure that we get it right. We accept the principle behind amendment 12, and will look at the matter later in the Bill's passage.

That leaves us with amendment 22. The powers of the House to discipline its Members are inherent in its jurisdiction—a point that I made earlier—so the powers set out in the clauses are all powers that the House already possesses. There is no suggestion that the powers will be limited in any way in future, or that the list of powers is exhaustive. Nor is there any suggestion that the powers are conferred by the Bill. We are trying to make it clear that we are talking about, and recognising, powers of the House that already exist. Clause 8(10) makes it clear that the range of sanctions that IPSA can recommend include withholding salary, suspension and expulsion. That is a clear indication of the range of sanctions that a Member who has broken the rules might expect to have imposed, including the most serious sanctions.

We feel that it would be unacceptable if IPSA had the power to recommend sanctions when there was no public indication of what they might be. The public, to whom I keep referring, need to know such things. We feel that that approach best treads the path between responding to public anger and respecting the position of the House. Given my comments on those amendments, I commend clause 8 to the House.

Mr. Grieve: If the Bill goes on the statute book and does not get repealed or altered soon, I think that the Minister's speech in response to the debate will stand as an absolute monument to the way in which the Executive now treat this place. She was unable to answer any of the questions about the maintenance of our independence. The high point of the Government's position was their telling us that their own analysis was that it was more likely than not that our independence would not be undermined as a result of the proposals in clause 8, yet she was unable to provide any coherent argument on why amendment 32 would not improve the Bill.

As the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) rightly says, let us start moving the process in a direction that provides clarity to the role of IPSA, while protecting our independence in matters that concern the internal discipline of this House and that ultimately touch on the way the House operates. That is the point where justiciability and privilege start to run together. If we could just keep that in mind, the Minister would find there was widespread consensus across the House on the changes that the Government have tried to introduce. Instead, every time we look as though we are about to approach that consensus, we get diverted into a strange, nightmarish regulatory regime that will stand us in endless discredit with the public and undermine our ability to do our job. In those circumstances, I believe that amendment 32 has real benefit, although it is just a small step in the right direction, and I wish to put it to a vote.

Mr. Straw: Let me refute what the hon. and learned Member for Beaconsfield (Mr. Grieve) said in an unusually temperate set of remarks. My hon. Friend the Deputy Leader of the House dealt carefully with each amendment. The hon. and learned Gentleman's implication was that we have simply sat here and resisted all the amendments, but he knows very well that that is the reverse of the truth. I am not supposed to talk about this but, as the record of the notes going backwards and forwards between Ministers and the official Box will disclose, what I have sought to do with my hon. Friend is listen to the debate. On a number of occasions, I have come to the Chamber with one view, but I have changed it in the light of debate, which is the purpose of parliamentary debate. There is a legitimate argument to be had about amendment 32, but I have to tell the hon. and learned Gentleman and the Committee that the Bill is not remotely about undermining the independence of the House, something for which I have stood—

Sir Alan Beith: It is an unintended consequence.

Mr. Straw: Nor is it an unintended consequence. I am ready to accept the amendment that the right hon. Member for North-West Hampshire and my hon. Friend the Member for Middlesbrough have tabled to clause 10. Furthermore, we will continue to examine it, and that will not necessarily be the end of the matter. I recognise the sensitivity of the matter of privilege but, to pick up a point made by my hon. Friend, privilege at its best is not about our privilege but about the privileges of our electors, and through that, the rights of this House. The hon. Member for Gainsborough (Mr. Leigh) is no longer in his place. *[Interruption.]* I am sorry, he is. I am looking at him; usually, he sits somewhere else. He spoke eloquently on the subject, but we must all understand that the term, which means many things, can also become self-serving. I think it was the hon. Member for North Essex who described it as trust.

Mr. Jenkin: It was not me.

Mr. Straw: I apologise—perhaps it was the hon. Member for Gainsborough.

Mr. Garnier: The right hon. Gentleman should listen to him more often.

Mr. Straw: I listen to him all the time, and I compliment him on what he said. However, there was a breach of trust by the House in the way it dealt with the expenses regime, which is why we are in this mess. Certain consequences, I am afraid, must follow. Second Reading was approved on a vote of 291:1. It was open to the House to vote the Bill down, but it decided not to do so. The measure involves a modification not of privilege as privilege but of powers previously exercised directly by the House. What we are doing, by the authority of the House, if the measure is approved—

Mr. Garnier: On a point of order, Sir Alan. I wonder whether you would advise me. We are very short of time but we are now having a second Government winding-up speech on the debate. I fully appreciate the fact that the Secretary of State is loyally defending the junior Minister, but he is eating into our time. If we do not debate the Bill properly, we will be roundly accused of not doing our duty.

The Chairman of Ways and Means (Sir Alan Haselhurst): I am grateful to the hon. and learned Gentleman. I myself was about to suggest to the right hon. Gentleman that his speech was turning into a Second Reading speech, and was not closely germane to the amendment.

Mr. Straw: I will bring my remarks to a close, Sir Alan.

Certain consequences follow, like night follows the day. If we voluntarily decide to set up the authority, it means that some of the authority's enforcement will be dealt with outside the House.

Mark Durkan: May we return to the most germane point, which relates to amendment 32 and the accompanying amendments 33 and 36? They seem to me to be reasonable, measured and sound. If the House were to reject them, we would be reckless and feckless in doing so.

Mr. Straw: I cannot accept the amendments at the moment. I am certainly ready to give them active consideration, but they raise important points of principle.

Mr. Grieve: The time for the amendments is now. It is our one opportunity to make these decisions. Every Member of the House must look to their electorate and to their own conscience as to whether we wish to see our independence disappear for no good reason, when the Bill can be improved to make it workable and do what the public want and what we are required to do.

Question put, That the amendment be made.

The House divided: Ayes 234, Noes 274.

Division No. 175] **[4.10 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davis, rh David
Djanogly, Mr. Jonathan
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fisher, Mark
Fox, Dr. Liam
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Henderson, Mr. Doug
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul

Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McCrea, Dr. William
McDonnell, Dr. Alasdair
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Meale, Mr. Alan
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Ms Gisela
Stuart, Mr. Graham
Stunell, Andrew
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Stephen Crabb and Bill Wiggin

NOES

Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan

Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Macteggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mary Creagh and
Mark Tami

Question accordingly negatived.

Amendment made: 17, page 5, line 25, at end insert—

'(2A) The Committee on Standards and Privileges may accept, modify or reject as it sees fit a recommendation under subsection (2).'.—*(Sir Stuart Bell.)*

Amendment made: 85, page 5, line 31, leave out 'financial interests rules' and insert

'code of conduct relating to financial interests'.—*(Mr. Blizzard.)*

Amendments made: 20, page 5, line 38, leave out 'Speaker's Committee on the Independent Parliamentary Standards Authority' and insert 'Committee on Standards and Privileges'.

Amendment 21, page 5, leave out line 43.—*(Sir Stuart Bell.)*

Clause 8, as amended, ordered to stand part of the Bill.

Clause 9

Offences

Mr. Grieve: I beg to move amendment 38, page 6, line 22, leave out subsection (2).

The Chairman: With this it will be convenient to discuss the following:

Amendment 47, page 6, line 23, after 'member', insert 'intentionally'.

Amendment 15, page 6, line 25, at end insert—

'(2A) A member of the House of Commons commits an offence if the member intentionally fails to comply with a requirement included in the MPs' financial interests rules by virtue of section 5(8) (declaration of interests).'.

Amendment 100, page 6, line 25, at end insert—

'A Member of the House of Commons commits an offence if the Member intentionally fails to comply with a requirement relating to the declaration of interests included in the MPs' code of conduct relating to financial interests.'.

Amendment 39, page 6, line 26, leave out subsection (3).

Amendment 41, page 6, line 34, leave out subsection (5).

Amendment 42, page 6, line 36, leave out subsection (6).

Clause stand part.

Mr. Grieve: We now have to consider the criminal offences that the Government think it right to create and to impose on Members of this House if they transgress. Let me first make absolutely clear something that has been said on many occasions: if Members of Parliament commit criminal offences, no privilege or any other protection should exist in respect of them. There is nothing new about that: it has been the position for hundreds of years. However, the Committee should spend a moment considering whether the offences created in clause 9 add anything to the existing criminal law and whether they will create problems that will be damaging to the way the House operates.

We have to consider three offences. First:

"A member of the House of Commons commits an offence if the member…makes a claim under the MPs' allowances scheme, and…provides information for the purposes of the claim that the member knows to be false or misleading in a material respect."

The penalty for that action will be:

"on conviction on indictment…imprisonment for a term not exceeding 12 months or…a fine or…both."

I have no difficulty with that offence, but I have to say that it sends a very strange message about how we view the criminal law to create an offence specifically for ourselves, and which I assume will therefore be used on Members who transgress in this way, when there already exist in the criminal law at least two, and probably more, offences which relate to exactly the same activity and would attract maximum sentences of seven and 10 years. How can I go back to my constituents and say that the

House is taking them seriously when the offence that we have created for ourselves appears to be a much lesser one than that under the general criminal law? I would have thought that the Secretary of State for Justice, with his knowledge of the criminal law, would acknowledge that it is much better that this House should be subject to exactly the same criminal law as would be visited on anybody else who behaved in this way by obtaining their allowances fraudulently.

There are already two such offences on the statute book: the offence in section 17 of the Theft Act 1968, which is about false accounting and carries a sentence of seven years; and the offence in the Fraud Act 2006, which attracts 10 years' imprisonment. Both fulfil exactly the same criteria as the offence in clause 9(1). The Secretary of State has told me informally—I am sure he will not mind my telling the Committee—that there are differences. Well, there are some minor differences in wording, but as regards what has to be proved against the individual concerned—namely, the provision of information in the knowledge that that information is false or misleading, which implies dishonesty on the part of the person concerned—I cannot see any distinction, in terms of ease of conviction or otherwise, between the more general offences and this offence.

Mr. Garnier: Does my hon. and learned Friend share my surprise at the intervention by the Secretary of State on Second Reading, when he chided me for misconstruing clause 9, which I said, on any view, imputes a test of dishonesty? He said it did not and that was one of the distinctions between it and the Fraud Act 2006. I do not think that he had in mind section 17 of the Theft Act 1968, albeit I am sure that he is a highly experienced criminal practitioner. Does my hon. and learned Friend agree that clause 9(1), if it does nothing else, at least imputes a test of dishonesty?

Mr. Grieve: I agree entirely with my hon. and learned Friend. Indeed, although I know we are supposed to be in a process of general atonement for our misdeeds, if the Government had suggested to me that we ought to have a criminal offence that did not involve a test of dishonesty, I would have suggested to the Secretary of State that prison capacity would have had to be considerably expanded. It is quite clear, as I think the Secretary of State has acknowledged, that MPs can make mistakes, like everybody else. The test of dishonesty is clearly fundamental to the offence.

4.30 pm

As we are having this debate, will the Secretary of State provide the House with some persuasive arguments as to why we should concoct a specific offence for us, identical to other offences that affect the general public, but visited with a sentence that could be one tenth of the maximum duration that someone might get elsewhere? What sort of message does that send?

The second offence in clause 9 is committed if

"without reasonable excuse, the member fails to comply with a requirement included in the MPs' financial interests rules".

I do not believe that either that offence or the previous one has any bearing whatever on parliamentary independence, so if the Government wish to have them, they can. In respect of the offence in clause 9(2), however, the Secretary of State needs to provide some explanation of how the reasonable excuse provisions will work in practice.

Members of Parliament have known for a long time how easy it is to fail to comply with requirements included in Members' financial interests rules, and how that can be done innocently. I wonder whether we are using a sledgehammer to crack a nut. This is a straightforward regulatory offence that we seem in the past to have succeeded in dealing with quite satisfactorily through the sanctions imposed in this House. It is odd that, because the new offence can be visited with only a fine as its penalty, if a conviction were obtained it would not disqualify a Member from serving in this place. I simply ask whether the offence is strictly necessary.

Sir Alan Beith: The hon. and learned Gentleman must read clause 9 in conjunction with clause 10, one of the consequences of which is that if a Member said in a debate, as the right hon. Member for Birkenhead (Mr. Field) did openly yesterday, "I do not approve of this legislation, I do not see how it can work and I will probably be subject to an offence under it. If I am, I will not pay the fine and I will go prison," those words could be adduced in court proceedings. Prosecuting counsel could say, "You say that this was an accidental mistake, but in fact your own words, as reported in *Hansard*, incriminate you."

Mr. Grieve: Yes, the right hon. Gentleman makes a good point, which features in the comments of the Speaker's Counsel, at page 13 of the evidence that he gave to the right hon. Gentleman's Committee, the Select Committee on Justice. I agree that that could give rise to serious difficulties. Whether it touches on the core areas of the House's privilege is an open question, but the Secretary of State will have to answer that point.

Speaking personally, I do not feel comfortable with the offence under clause 9(2). Apart from anything else, I think it is unnecessary. I am mindful of the fact that the Secretary of State keeps telling the House that we have fallen so low in the public's estimation that unless we make a few rods for own back and go out for some public flagellation, we will never restore their trust. I understand that point, but it is important also that we do not make fools of ourselves. If the problem that the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) identifies were to come to pass, it would have a chilling effect on how MPs express themselves here.

Mr. Dismore: Is not the position compounded by the fact that we effectively have no de minimis rule in relation to outside earnings? The advice that we have had in the Standards and Privileges Committee from the registrar is that if somebody makes a speech and gets a bunch of flowers, they should register it. If they do not, they are potentially in jeopardy. Is it really right that somebody should face a criminal sanction for failing to declare a bunch of flowers?

Mr. Grieve: The hon. Gentleman is right. I intended to discuss that when considering the third offence, which relates to paid advocacy. As I am sure he appreciates, there is some overlap.

From my reading of the Bill and from evidence given to the Select Committee, I have absolutely no doubt that the offence of prohibited paid advocacy takes us back into the heartland of the House's independence. It is all the more bizarre because, to include the offence in subsection (3), we must drive a small coach and horses through part of article IX of the Bill of Rights.

[Mr. Grieve]

A bribery Bill is currently out to scrutiny. In view of the House's current rules, I do not understand how it is possible to commit the offence in subsection (3) without committing an offence of bribery. The Government offered to consult in great detail—in fairness, they are doing that—about how a bribery charge can properly be brought against a Member of Parliament, while not removing the protection of the Bill of Rights for speeches in the House. We have indicated our intention to support that because bribery is a serious offence. What, in those circumstances, is the point of the offence in subsection (3)? If we have only one opportunity to vote, the offence in subsection (3) is perhaps the most important for us to consider. However, I fully accept that the offence for which subsection (2) provides is also important because it could also cause hon. Members difficulties.

I agree with the hon. Member for Hendon (Mr. Dismore) who said, as I did yesterday, that we cannot consider the Bill without taking into account the infamous regulations, which the House has produced for itself. We acknowledged in the regulations that the boundary between a gift and a benefit in kind is unclear. If a Member of Parliament attends a dinner given by an organisation—the views of which he supports and for which he is promoting legislation in the House—speaks at the function and does not pay for his dinner, as almost always happens when hon. Members attend such events, he will be in serious difficulty. He will find it difficult to know what to put in the register and whether, thereafter, he is engaging in paid advocacy.

It will be completely unsatisfactory if, with 20 minutes to go before we get to Report, and the Bill set to leave the House at 7 o'clock this evening, potentially never to return, we do not clear up the problems, given the sword of Damocles that the measure hangs over every hon. Member. My amendments are designed to try to tackle the problems and stimulate debate. Some are probing, but the subject needs to be examined in its entirety. I remain unconvinced.

David Howarth: I am sure that the Government will say, in answer to the point made by the hon. Member for Hendon (Mr. Dismore), that the prosecution has discretion and that trivial prosecutions will not be brought. However, there is a fundamental problem with that because the prosecution service is superintended by the Attorney-General—a Minister. The Government promised to remove that problem by introducing a constitutional renewal Bill, but they have so far failed to do that. We are doing things in the wrong order.

Mr. Grieve: The hon. Gentleman makes an interesting point. There are systems in place for ensuring that the Attorney-General is not involved in prosecutorial decisions about Members of Parliament. After all, Members of Parliament have been prosecuted in the past for other matters. We can therefore overcome that problem.

However, while trying to be reasonable and respect the Secretary of State's point about showing that we take public anger seriously, we have to ask what clause 9 adds to the system of punishment that might be meted out under existing law for things that we do wrong. Subsection (3) and, to a lesser extent, subsection (2)—relating to the two new offences—raise serious and complex issues about how the House goes about its business and whether we can continue to enjoy article IX protection for what we say in the Chamber.

Mr. Mark Field (Cities of London and Westminster) (Con): I entirely agree with my hon. and learned Friend about clause 9. However, despite the recent furore, particularly in relation to phantom mortgages, the general public will see that not a single charge has been laid against any Member in relation to either the Theft Act 1968 or the Fraud Act 2006. They may conclude that we therefore need new offences. Will my hon. and learned Friend turn his mind to the rather terrifying prospect that the Government are quite deliberately bringing forward clause 9 in order to place Members of Parliament under a different set of values from that which should apply to the public at large?

Mr. Grieve: I do not think that anything in the Bill will make prosecutions more speedy; indeed, it will make no difference. Prosecutions may arise out of the events that have taken place in the past two months. All that can take place under the existing law.

As I have said to the Secretary of State, we seem to have had a remarkable capacity in the past 10 years to increase criminality in this country by creating new laws that are duplicatory. My reading of the Government's proposals is that although they vary in their mischief, they are, to all intents and purposes, unnecessary. However, if there is one that the Secretary of State feels particularly passionately about, and if it happens to be clause 9(1), then, although I feel slightly embarrassed about this, because I cannot for the life of me see why there should be a special regime for MPs, I do not think that it will cause any wider harm to the independence of this House. However, the other two subsections raise important issues that the House must consider.

Mr. Garnier: I hesitate to disagree with my hon. and learned Friend, but clause 9 is appalling and unnecessary. Just as there is no such thing as a half-pregnant person, so clause 9 is a bad piece of drafting and it is unnecessary. We should have the courage to say so and make clear our views. I trust that the reasonable approach that my hon. and learned Friend has taken would not allow him to reach a false conclusion.

Mr. Grieve: I hope that I am not reaching a false conclusion. I hope that I have highlighted, as best I can, those aspects of the proposals that, in my view, are either silly or have a sinister consequence for the House, which it must consider. Broadly speaking, I think clause 9(1) is a bit silly—that is my reaction to it—but the other two subsections are much more serious. That is a distinction that can properly be made.

Mr. Straw: Given the time, I will be as fast as I can.

First, the hon. and learned Member for Beaconsfield (Mr. Grieve) asked why we were having specific offences when—he says—someone could be charged for any of the three proposed offences under general law. There is nothing unusual about having general provisions with specific parallels for specific purposes; I have plenty of examples, including what is now section 2 of the Fraud Act 2006 and section 17 of the Theft Act 1968, which apply generally to members of the public. The Local Government and Housing Act 1989 and the Social Security Administration Act 1992—not our legislation,

but the Conservatives' legislation—have specific offences for knowingly making a false declaration. Why did the previous Conservative Administration—in my view correctly—make those offences? It is because in practice it is sometimes easier to prosecute. One can have a jurisprudential argument about the difference between "falsely", which involves a clear level of knowledge, and "dishonestly", but there is a difference between those offences for which, in practice, it is on the whole easier to prosecute and gain a conviction, and the wider Fraud Act and Theft Act provisions.

Mr. Grieve: Will the Justice Secretary give way?

Mr. Straw: Just a second, if I may.

As for subsection (2), the second limb of clause 9, this House has to my almost certain knowledge—with, if not the support, then certainly the acquiescence of the Opposition—supported the insertion of provisions concerning the registration of financial interests into the Scotland Act 1998, the Government of Wales Act 1998, the Local Government Act 1972, which is a Conservative Act, and the Local Government and Housing Act 1989, as well as other provisions. As I said to the Committee earlier, what is sauce for the goose needs to be sauce for the gander. The same is true in respect of paid advocacy, with the exception that those offences are rather less onerous than those that the House has imposed on Members of other Administrations.

The hon. and learned Gentleman, who usually makes good points, made a rather poor point by saying that this clause can apply only to Members of Parliament. Well, the offences that we have imposed on the Scottish Parliament can apply only to Members of the Scottish Parliament and the ones that they imposed on local councils can apply only to local councillors. The hon. Member for Cities of London and Westminster (Mr. Field) suggested with a slight smile on his face that there was some deep dark motive behind the provision, but there is not at all.

4.45 pm

As to the point that the hon. and learned Member for Beaconsfield made about the current code and what I accept are ambiguities in it, these offences would apply only to the new provisions, which would come into force under clause 5, and they would have to be subject to a clear decision by this House and would certainly have to be more clearly defined than the existing provisions.

Mr. Cash: Will the right hon. Gentleman give way?

Mr. Straw: I promised that I would give way to the hon. and learned Member for Beaconsfield, and I want to put a final point to him. Without putting words into anyone's mouth and to put it delicately, the hon. and learned Gentleman seems to accept that there was a general acceptance in the all-party talks that some specific offences needed to be in the Bill. There may not have been votes on it, but there was general acceptance of that. He accepts that for each instance there should be an offence but that they should be offences at large. Clause 9(3) deals with cash for questions, which is a rather serious issue. He says that bribery could be charged, which is possible in very serious circumstances; if it is very serious, there is no particular reason why it should not be charged as an alternative offence. I have argued that it is the practice of this House, with different parties in control, to have narrower offences for specific circumstances.

On clause 10, the hon. and learned Gentleman is right to say that we have been discussing the modification of article IX of the Bill of Rights 1689, so that Members of Parliament can be prosecuted if alleged to be guilty of bribery. My proposal on clause 10 is to accept the amendment in the name of the right hon. Member for North-West Hampshire (Sir George Young), which would broadly bring into line the third limb of the clause relating to proceedings in Parliament with what has already been widely accepted across the House for the bribery provisions.

Mr. Cash *rose—*

Mr. Grieve *rose—*

Mr. Straw: I give way first to the hon. and learned Member for Beaconsfield and then to the hon. Member for Stone (Mr. Cash).

Mr. Grieve: If the Secretary of State looks back at the Scotland Bill, he will find—my memory goes back that far—that I was very concerned about ensuring that the Scottish Parliament had proper sovereignty. I remember expressing concerns about the criminal offences, as I raised the question of whether they should be left to the internal regulation of that institution. That is my first point. My second is that the Fraud Act 2006 was not in existence then and it commanded widespread support in the House for simplifying the fraud law. I have here the particulars of an offence relating to the charge of fraud, which could be that a person between a day and another day dishonestly and intending to make a gain for himself failed to disclose to IPSA what he was under a legal duty to disclose—he was double-claiming an allowance. That is all one has to prove. In those circumstances, I am afraid that I simply cannot accept the Secretary of State's contention that the new offence under subsection (1) will be easier to prove.

Mr. Straw: The hon. and learned Gentleman makes a lawyer's point about section 2 of the Fraud Act 2006 not being around at that stage, but he knows very well that section 16 of the Theft Act 1968 was.

Mr. Cash: The right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) raised a question earlier about the connection between clause 9 and clause 10 and asked whether clause 10 would impede the body created from taking appropriate action against a Member. The Clerk said no, it would not, and that was reinforced by the Speaker's Counsel, so on what basis does the Justice Secretary take the view that they were wrong?

Mr. Straw: I do not take the view that they were wrong, but there is self-evidently a difference of emphasis on whether they are right, and we are trying to resolve that.

I am conscious of the time. *[Interruption.]* It is the responsibility of the Government, but I can still be conscious of it. It may be helpful, however, if I explain that we judged clause 10 to be necessary to the independent

[Mr. Straw]

operation of IPSA. For the time being, we want the amendments tabled by the right hon. Member for North-West Hampshire in the Bill, but I am ready to sit down with Members on both sides of the House and see whether we can secure a better answer.

Sir Alan Beith *rose—*

Mr. Straw: I will take one last question.

Sir Alan Beith: I am grateful to the Secretary of State, because this is a crucial point. Surely he accepts that it is not necessary to disapply the Bill of Rights in order to deal with expenses and pay, because they are not part of the proceedings of Parliament, and that because it is possible—and not necessarily difficult—to prove bribery or even paid advocacy without making use of proceedings in Parliament, the Bill of Rights need not be disapplied in that instance either.

Mr. Straw: I am very grateful to the right hon. Gentleman and his Committee for their report. As he will know, there is a serious difference on that issue between independent jurists here—the Clerk of the House and his colleagues—and senior parliamentary counsel.

Why would I want to pursue an unpopular clause unless it was felt to be necessary? [Hon. Members: "The Prime Minister told you to."] No, no. To be blunt, it has not featured on the Prime Minister's radar at any stage. [Hon. Members: "Oh!"] The Bill has, but—I draw a veil over the operation of the Prime Minister, but the idea that he has been worrying about clause 10 of this Bill when he has me to worry about it is nonsensical.

Mr. Grieve: Will the Secretary of State give way?

Mr. Straw: I will not, because I know that the hon. Member for Moray (Angus Robertson) wishes to speak.

I assure the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) that we will sit down and go through what he has said about clause 10. However, let me return to my point about the Bribery Bill. There is general acceptance that prosecuting a Member of Parliament for bribery will necessitate a carve-out of elements of the Bill of Rights, and we are trying to replicate that by means of the amendments tabled by the right hon. Member for North-West Hampshire. I do not consider that the Committee should be unduly exercised, given its position on the Bribery Bill. I think that I have made my points.

Angus Robertson (Moray) (SNP): I am pleased to be able to contribute, although time is running out. I want to speak to amendment 100, which was tabled by me and by my colleagues in the Scottish National party. I welcome the inclusion of criminal sanctions for Members of Parliament who break the rules, and I thank the Justice Secretary for including not just the three United Kingdom parties but all parties in the House in the preparatory meetings.

The Justice Secretary rightly said that the offences included in the Bill had emerged from earlier legislation applying to local government, the Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly, and drew our attention to offences involving the Register and involving advocacy. However, he failed to mention that an additional criminal sanction is included in the Scotland Act 1998, which, as far as I am aware, was not opposed by any members of the Conservative, Labour or Liberal Democrat parties during the passage of that Bill. It relates to the issue of declarations of interest. That is the gold standard. The Justice Secretary said that what was good for the goose was good for the gander, and I entirely agree with him. If we are seeking to emulate the gold standard, I believe that we also need to include a criminal sanction for people who do not fulfil the requirement for a declaration of interest.

Alan Duncan: There is a crucial difference between declaration and registration. Declaration means an oral declaration, so a Member could end up being criminal simply by not saying anything in the House. Registration is now possible on the internet. A wide and comprehensive arrangement covers all the necessary registrations of interest, and implicitly covers declarations as well.

Angus Robertson: I am grateful to the shadow Leader of the House for explaining his view, but I do not agree with him: there is a difference between registering and declaring an interest. Just because we have access to Google in our offices does not mean that when we are attending a debate we should not hear whether a Member has a significant interest to declare.

I wish to draw the attention of Members to the key word in our amendment, because there has to be reasonableness, as people can occasionally forget to mention things. The key word in the Scottish National party amendment is "intentionally". That provides a safeguard that should assuage any concerns that any Members of any parties might have.

I do not need to speak to this issue at great length. The House has already passed it as a criminal sanction to apply in legislatures elsewhere in the United Kingdom. What is good for the goose is good for the gander. We should include it as a criminal sanction in this Bill. I shall wish to press the amendment to a Division at the appropriate stage, and I appeal for the support of Members in all parts of the House.

Mr. Garnier: I wish to clarify a point that I made in an intervention on my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve). I said that he had reached a false conclusion; perhaps I ought to have said that he had reached an illogical conclusion. The logic of his argument—it is an argument with which I agree—is that if we disapprove of clause 9, we should say so and understand the consequences of having said so. It strikes me that the points that my hon. and learned Friend made in relation to the Fraud Act 2006 and, for example, section 17 of the Theft Act 1968 are unassailable. No one who has had a look at the relevant statutes and then compared them with clause 9(1) can reach any conclusion other than that we are creating a law for Members of Parliament who commit fraud which is special and lenient and different from that which applies to ordinary members of the public. I take the view—it may be thought to be rather old-fashioned—that the common law should be universally and uniformly applied. If someone is a crook, they are a crook regardless of whether they are a Member of Parliament or a butcher, a baker or a candlestick maker. I do not understand the motives behind the Government's inclusion of clause 9(1).

I fully endorse the criticisms made in relation to the new criminal offences under subsections (2) and (3). There are other professions—lawyers called to the Bar, solicitors, architects—where perfectly acceptable disciplinary rules apply that are dealt with by their disciplinary bodies, and where those who break them are not required to go to prison or to be fined. Just because we are in a lather about expenses does not mean that those who are guilty of contravening the rules of the House or of IPSA should be treated in such a way. The rules of IPSA are yet to be defined and set out; we do not know what rules clause 9(2) and (3) refer to, because they have yet to be written under the provisions of clause 5. We are creating yet more criminal laws. We have created about 3,500 new criminal offences since 1997 through 65 criminal justice laws, and here we have another one, and yet we do not know its detail.

If we are going to create new laws, we should know what they look like; the Bill should say what they are, but it does not. It is intellectually deficient, lazy and inept not to do so. If we think we are doing ourselves a good turn by appealing to the public by doing this, I suggest we are wrong. As my hon. Friend the Member for Rutland and Melton (Alan Duncan) said, eventually somebody will be brought before the courts, or at least the relevant authorities, and be prosecuted for failing to declare—whether by accident or not does not matter at present. We need to anticipate this. We need to think about it. This is a thoughtless clause in a thoughtless Bill, and I urge the Government to think again—or to think at all.

Mr. Grieve: I wish to withdraw amendment 38 and put amendment 39 to the vote, as I think that amendment goes to the heart of the issues we have to consider because it concerns paid advocacy and its impact on the Bill of Rights and the independence of this House.

Amendment, by leave, withdrawn.

Amendment made: 86, page 6, line 23, leave out from 'included' to the end of line 25 and insert

'by virtue of section 5(7) (registration of interests) in the MPs' code of conduct relating to financial interests.'.—*(Mr. Blizzard.)*

Amendment proposed: 100, page 6, line 25, at end insert—

'A Member of the House of Commons commits an offence if the Member intentionally fails to comply with a requirement relating to the declaration of interests included in the MPs' code of conduct relating to financial interests.'.—*(Angus Robertson.)*

Question put, That the amendment be made.

The House divided: Ayes 63, Noes 286.

Division No. 176] **[5.0 pm**

AYES

Alexander, Danny
Baker, Norman
Barrett, John
Bone, Mr. Peter
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burt, Lorely
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Cox, Mr. Geoffrey
Davies, Mr. Dai
Durkan, Mark
Farron, Tim
Featherstone, Lynne
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Hollobone, Mr. Philip
Holmes, Paul
Horwood, Martin
Hunter, Mark
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kramer, Susan
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
MacNeil, Mr. Angus
McCrea, Dr. William
McDonnell, Dr. Alasdair
McGrady, Mr. Eddie
Mulholland, Greg
Oaten, Mr. Mark
Öpik, Lembit
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Robertson, Angus
Robinson, rh Mr. Peter
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Shepherd, Mr. Richard
Simpson, David
Stunell, Andrew
Swinson, Jo
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Walter, Mr. Robert
Webb, Steve
Weir, Mr. Mike
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wishart, Pete
Younger-Ross, Richard

Tellers for the Ayes:
Stewart Hosie and John Mason

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry

George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mrs. Sharon Hodgson and Mr. John Heppell

Question accordingly negatived.

5.13 pm

Proceedings interrupted (Programme Order, 29 June).

The Chairman put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Programme Order, 29 June, and Standing Order No. 83D).

Amendment proposed: 39, page 6, line 26, leave out subsection (3).—*(Mr. Grieve.)*

Question put, That the amendment be made.

The Committee divided: Ayes 160, Noes 344.

Division No. 177] **[5.13 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baldry, Tony
Barker, Gregory
Beith, rh Sir Alan
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cameron, rh Mr. David
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davis, rh David
Djanogly, Mr. Jonathan
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James

Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Howell, John
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
McIntosh, Miss Anne
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Bill Wiggin and Mr. Stephen Crabb

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burt, Lorely
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farron, Tim
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Hemming, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Ilsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric

Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Llwyd, Mr. Elfyn
Lucas, Ian
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oaten, Mr. Mark
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rogerson, Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Wishart, Pete
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Younger-Ross, Richard

Tellers for the Noes:
Mrs. Sharon Hodgson and Mr. John Heppell

Question accordingly negatived.

Amendment made: 87, in clause 9, page 6, line 27, leave out from 'included' to the end of line 28 and insert

'by virtue of section 5(10) (prohibition on paid advocacy) in the MPs' code of conduct relating to financial interests.'.—*(Mr. Blizzard.)*

Clause 9, as amended, ordered to stand part of the Bill.

Clause 10

PROCEEDINGS IN PARLIAMENT

Amendments made: 23, page 7, line 8, after 'evidence', insert

'of words spoken by, or any other conduct of, a Member of the House of Commons in proceedings in Parliament'.

Amendment 24, page 7, line 8, leave out 'a' and insert 'that'.—*(Sir Stuart Bell.)*

Question put, That the clause, as amended, stand part of the Bill.

The House divided: Ayes 247, Noes 250.

Division No. 178] **[5.27 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon

Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lucas, Ian
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Sutcliffe, Mr. Gerry
Tami, Mark
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Ayes:
Mr. John Heppell and Mrs. Sharon Hodgson

NOES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Austin, John
Baldry, Tony
Barker, Gregory
Barrett, John
Beckett, rh Margaret
Beith, rh Sir Alan
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Borrow, Mr. David S.
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davis, rh David
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dorries, Nadine
Dowd, Jim
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fisher, Mark
Flynn, Paul
Fox, Dr. Liam
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David

George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Love, Mr. Andrew
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Mactaggart, Fiona
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Maude, rh Mr. Francis
McCrea, Dr. William
McDonnell, Dr. Alasdair
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Meale, Mr. Alan
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pope, Mr. Greg
Prentice, Mr. Gordon
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Sharma, Mr. Virendra
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Ms Gisela
Stuart, Mr. Graham
Stunell, Andrew
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Vis, Dr. Rudi
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wood, Mike
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Stephen Crabb and Bill Wiggin

Question accordingly negatived.

Mr. Gerald Howarth: On a point of order, Sir Alan. Notwithstanding the splendid outcome of that Division, which surely represents the passion of the House on this matter and is a serious affront to the Justice Secretary, I believe that it is a constitutional outrage that a clause described by the learned Clerk as possibly having

"a chilling effect on the freedom of speech of Members"

has not had a moment's debate in this Chamber. If it was not for right hon. and hon. Members having voted against the clause by three votes, despite the Government Whips' attempts to stop them, we would not be able to debate it.

The Chairman: Order. I think that the hon. Gentleman has got away with quite a bit there—on a point of order that is not strictly so. He knows that I cannot respond to that.

Sir Alan Beith: On a point of order, Sir Alan. I wonder whether I might give you notice that I am very happy that my amendment on Report, amendment 16, now falls, because it was an amendment to leave out clause 10. I hope that the Justice Secretary, rather than treating the situation as an affront, will take it as a recognition that the primary purpose of the Bill did not require clause 10, that we can set up the necessary body without it, and that he should now get on and do so to the general satisfaction of the House.

The Chairman: I assure the right hon. Gentleman that the necessary changes to the order of selection will take place on Report.

Mr. Grieve: Further to that point of order, Sir Alan. I appreciate that we are about to embark on the Report stage of the Bill, but considerable consequences, in the form of consequential amendments, might flow from the disappearance of clause 10. We are about to embark on the process that will result in the Bill's leaving this House in about an hour and 20 minutes' time. Have you had any notice of a statement from the Secretary of State about how the Government wish to proceed with this legislation, in view of what has happened?

Mr. Straw *rose—*

The Chairman: I call Mr. Jack Straw.

Mr. Straw: Further to that point of order, Sir Alan. It is fair to say that you have not had notice of such a statement, because we have only just learned of the decision of the House, by 250 votes to 247. Of course, I understand the concerns of the House. We will respect the decision. *[Interruption.]* The Opposition Chief Whip is supposed to be silent, as he knows—that is what he is paid for.

I say to the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) that although we will not be able to do so on Report, we will take full account of the decision of the House in the consequential amendments in the other place.

The Chairman: The Secretary of State said that he had no notice of the situation; no more did I. I am sure, however, that our advisers will ensure that we do everything in order henceforth.

The Deputy Speaker resumed the Chair.

Bill, as amended, reported.

Mr. Cash: On a point of order, Mr. Deputy Speaker. In 1993, Speaker Boothroyd gave a warning that, in respect of article IX of the Bill of Rights, the courts should not interfere in the proceedings of the House. New clause 7 deals with article IX of the Bill of Rights and new clause 8 deals with the supremacy of Parliament. They go to the very heart of how we are governed in this country. Some 40 Members of Parliament have signed the new clauses, which are, furthermore, in the name of the official Opposition. Against that background, may I ask for your ruling on how it can be that those two new clauses have not been selected for debate, as a result of which the House has been put in peril?

Mr. Deputy Speaker (Sir Alan Haselhurst): The hon. Gentleman is a very experienced Member and he knows that no explanation is given for the selection of amendments. I did not participate in the decision, and there is nothing that the Chair can say. It is customary for the selection to be made and for the House to accept the consequences. Whether there will be further opportunities in the course of proceedings on the Bill is another matter. I cannot go further than that.

Mr. Jenkin: Further to that point of order, Mr. Deputy Speaker. Without wishing to ask you what the rationale might be, I speculate that aspects of the Bill—

Mr. Deputy Speaker: Order. The hon. Gentleman is also a very experienced Member, and he is not going to get away with that.

Consideration of Bill, as amended in the Committee (Programme Order of 29 June)

New Clause 1

DATA CONTROLLER

'The IPSA shall become the data controller for the purposes of the Data Protection Act 1998 two months after the day this Act is passed.'—*(Alan Duncan.)*

Brought up, and read the First time.

5.43 pm

Alan Duncan: I beg to move, That the clause be read a Second time.

I wish to make reference to the significance of what we are doing in creating the Independent Parliamentary Standards Authority in terms of the law that will affect us and our expenses under the Data Protection Act 1998. Very simply, one of the most important elements of the Data Protection Act is who is responsible for holding the data and therefore who is responsible for answering freedom of information requests—and ultimately, I suppose, for making decisions along the lines of what is published and whether it has to be redacted and, to our great embarrassment, how.

The Bill will set up IPSA, but it remains unclear when responsibility for controlling and holding the data will pass to it. It is obviously absurd to assume that that responsibility can pass on the day that the Bill receives Royal Assent, because the apparatus to handle it will simply not exist. It therefore makes good sense, in order to have an orderly transition, to try to specify a date on which the baton of responsibility is passed from this House to the new independent body, perhaps with an enormous collective parliamentary sigh of relief, leaving it to others to decide how data relating to our expenses can be handled, published and released.

The new clause suggests that there should be a period of two months between the Bill receiving Royal Assent and the date on which the responsibility should formally pass. It is a very simple, uncontroversial proposal. If, for any reason, the Government believe that it should be, say, three months, we would not argue strongly about that. However, the principle of making it absolutely clear when this House relinquishes responsibility for the administration of our expenses is essential if we are to avoid more of the calamitous coverage that we have suffered from over the past few weeks.

I merely ask the Minister to tell the House whether the Government are prepared to accept the new clause, in whole or in principle. Depending on the reply, we can either decide to withdraw it, and perhaps let the other place table another one, or to press ahead with it.

Sir Robert Smith: The hon. Member for Rutland and Melton (Alan Duncan) makes an important point about the transition of responsibility and clarifying when and how it happens. The Government's reply may deal with the practicalities of whether two months is the appropriate period. I agree with him that the Government should explain how they plan to do this and when, and make it clear, perhaps in another place, exactly what the date should be.

Mr. Redwood: One of the many muddles that the Bill is getting Parliament into is the muddle over how staff will transfer and when the body will be established. I am pleased that my hon. Friend the Member for Rutland and Melton (Alan Duncan) has tabled this new clause suggesting some clarity over the data controller aspect. However, it is not possible to put a time on when that could take place unless we know how long it will take to set up the body and to appoint all the relevant staff.

I hope that the Justice Secretary will use this opportunity to say something to our staff, who are in need of reassurance or some statement from their employer

[Mr. John Redwood]

about how they are going to be treated. Does he know when the Bill might be enacted? Is it possible that we can do this quickly, perhaps within two months? It will be easier to do it if the current arrangements for staff transfer, under the Transfer of Undertakings (Protection of Employment) Regulations 1981 or some similar arrangement, apply and if staff have been told that they will transfer so that the system can continue much as it has up to this point. If that is not the intention, a good employer would warn staff and start consulting on what the arrangements will be, and it might be quite difficult to hit this particular deadline.

Although I welcome the spirit of my hon. Friend's new clause—it is right that we need clarity over the data protection aspects—I am worried about the general issue of whether this body can be set up quickly and whether the Justice Secretary thinks that its staffing arrangements will be more competent and better than those that we currently have, and, if so, why he thinks that. Above all, he owes to our staff, now—it should have been done some time ago—proper procedures for informing and consulting them.

Mr. Bone: My right hon. Friend talks about the time question, but should the change not be delayed until after Sir Christopher Kelly reports? Otherwise, we could have a complete fiasco with what he says.

Mr. Redwood: Yes, and some of us made that point in previous debates, when it was more relevant. The relevance of timing here, which I am sure my hon. Friend had in mind, is that the new clause is about the timing of part of the transfer of duties. As he and I are trying to point out, the duty cannot be transferred until the body has been set up and is working. We need to be satisfied that it is working competently and sensibly.

There are a lot of people involved, and the way in which they have been treated is shoddy and appalling. I am sure that if it had happened in the private sector, the Government would have been jumping up and down complaining and asking whether things had been done properly. I hope that we will have a statement on the matter, and that the new clause will give us an opportunity to probe a little more how all the arrangements for a smooth transfer will be put in place if the Government are determined to carry on with the establishment of this quango.

Mr. Deputy Speaker: I have to announce to the House the result of a Division deferred from a previous day on the Question relating to environmental protection. The Ayes were 269 and the Noes were 196, so the Ayes have it.

I shall also announce the result of a Division deferred from a previous day on the Question relating to the summer Adjournment. The Ayes were 254 and the Noes were 212, so the Ayes have it.

I shall also announce the result of a Division deferred from a previous day on the Question relating to notices of questions etc. during September 2009. The Ayes were 465 and the Noes were 3, so the Ayes have it.

[The Division lists are published at the end of today's debates.]

Mr. Garnier: It is a matter of regrettable record that in the past 18 months or so, this House in its various guises has been in dispute with the Information Commissioner about applications in relation to the Freedom of Information Act 2000, the keeping of our expenses records and so forth. That has led to matters being taken to the High Court on two occasions, at considerable public expense. None of us—or at least only a very few of us, and I was not one of them—was asked for our view on that matter, but we are now none the less staring at the consequences of the High Court's decision. *[Interruption.]* It is interesting how one gets conflicting instructions from time to time. I say to my hon. Friend the Member for Blaby (Mr. Robathan), "Relax, mon brave."

That having been said, I wonder whether the Secretary of State, or whichever Minister is to respond to this very short debate, will be able to tell me whether they or any other arm of the Government have communicated with the new Information Commissioner to see how he is approaching the Bill. For example, I wonder whether he has a view about whether the Independent Parliamentary Standards Authority should become the data controller for the purposes of the Data Protection Act 1998.

I entirely agree with the thrust of the points that my hon. Friend the Member for Rutland and Melton (Alan Duncan) made, but we need somebody to deal with the matter. Unless that is explicit in the Bill, it will cause unnecessary confusion. If we are not very careful, we could get into the same sort of difficulty as we did in the past.

Mr. Straw: I am grateful to the hon. Member for Rutland and Melton (Alan Duncan) for raising this matter. It may help if I explain how the Data Protection Act 1998 and the Freedom of Information Act 2000 will work in respect of the new authority.

Section 1 of the Data Protection Act defines a data controller as

"a person who (either alone or jointly or in common with other persons) determines the purposes for which and the manner in which any personal data are, or are to be, processed".

Whether someone is a data controller is not a matter of election by that individual but is subject to an objective test. When IPSA is determining the purposes for which, or the manner in which, any personal data that it holds are to be processed, it will become a data controller. I am grateful to the hon. Gentleman for raising the matter, but I hope that he will accept that the new clause is not necessary.

The new clause mentions "two months". On Second Reading, which seems two years ago, but was only two days, several stirring victories and one defeat ago, I gave an undertaking about the likely time scale. I suggested that, with the likelihood of Sir Christopher Kelly's recommendations being available in October, and taking account of the time for running a competition to appoint the senior people to the authority, for the authority then to appoint a chief executive and for the transfer of staff, which the right hon. Member for Wokingham (Mr. Redwood) raised, we are aiming for Sir Christopher Kelly's proposals, and the new authority, to start operating on 1 January next year. It is not remotely likely that the authority will be up and running in two months. Assuming that we get Royal Assent by the end of July, that would mean establishing the authority by the end of September.

I therefore hope that the hon. Member for Rutland and Melton (Alan Duncan) accepts that the first part of the new clause is unnecessary and the second is not achievable. Apart from that, it is fine. It has provided an important platform for a useful debate.

Under clause 14, clauses 12, 13 and 14 come into force by statutory instrument, and different days can be appointed for different purposes. That is standard form, so the exact time at which the authority comes into force depends on when it is ready. I should also point out that that, like the Bill, this will be the formal responsibility of the Leader of the House, because the measure is essentially a creature spawned by the House, not by a Department—although I have been delighted to play my role in ensuring that it is improved, as it has been.

As the hon. Member for Rutland and Melton will recall, paragraph 27 of schedule 1 and paragraph 10 of schedule 2 provide that IPSA and the commissioner become public authorities for the purposes of the Freedom of Information Act 2000; the House has agreed that. Those provisions will come into force when the authority has some information that will make it the subject of FOI requests. That will happen as soon as it becomes operational. I hope that that helps, and that the hon. Gentleman will therefore be willing to withdraw the new clause.

Alan Duncan: I am grateful to the Secretary of State for his comments. I suppose that I was trying to make a plea for the appointments not to take so long that the authority does not assume responsibilities until early next year, because in the meantime we will have the rag ends of another year's published receipts. If there is an unclear grip on that process because of the transition of the responsibilities from the House to the new authority, that is likely to compound the problem.

Mr. Straw: I am grateful to the hon. Gentleman for allowing me to intervene, because now that we are no longer in Committee I cannot speak twice except with the leave of the Chair. I simply want to say that we aim to make progress as fast as we can now that we have had Second Reading and Committee—taking account, of course, of possible further change at the other end of the building.

Alan Duncan: I therefore beg to ask leave to withdraw the clause.

Clause, by leave, withdrawn.

Clause 4

DEALING WITH CLAIMS UNDER THE SCHEME

Mr. Straw: I beg to move amendment 7, page 3, line 13, at end insert—

'(7) The scheme may provide for an allowance to which a member is entitled under the scheme to be paid to another person at the member's direction; and references in this Act to the payment of an allowance to a member are to be read accordingly.'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: Government amendments 8 to 11.

Amendment 2, in clause 13, page 9, line 24, leave out from 'section' to end of line 25 and insert

'shall not be made unless a draft of the instrument has first been laid before, and approved by a resolution of, the House of Commons.'.

Government amendments 12 to 15.

Mr. Straw: Colleagues will find Government amendment 7 on page 1059 of the Order Paper. It makes it clear that although allowances relate to a Member, money under allowances can be paid to somebody else, which may include our staff or those with whom we contract.

6 pm

Government amendments 8, 9 and 10 are relatively minor, and I commend them to the House. As for Government amendment 12, the hon. and learned Member for Harborough (Mr. Garnier) will recall that he asked whether a serving member of the senior judiciary could be appointed. We are now making that clear in the Bill, and I am happy to oblige.

Government amendments 13, 14 and 15 will require the Speaker, rather than IPSA, to lay the relevant notices and orders before the House, which is important. That is consistent with, for example, the arrangements in respect of the Boundary Commission. As the Secretary of State for Justice, I am the conduit for orders from the Boundary Commission for changes to boundaries, but I am required to lay the order before the House and ensure that it is put to a vote. Our amendments square the circle, in that there has to be a sponsor for the provisions, namely the Speaker, but they have to come before the House. However, what it does with those orders is entirely a matter for the House.

Mr. Grieve: I welcome the Government's amendments. Government amendment 7 clearly reflects the comments that were made on an earlier occasion about the reality of how our allowances work in this place. Amendment 12, which takes on board the concerns that were expressed about members of the judiciary, also seems sensible.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): Does my hon. and learned Friend not agree that amendment 7 is a classic illustration of what happens when we try to rush such legislation through? That such a basic reality had been missed in the original drafting makes one's jaw drop at the bad legislation that we are now witnessing.

Mr. Grieve: I agree entirely with my right hon. Friend. At some point in the next hour, we may or may not get Third Reading. However, the reality is that the Bill in its present form is incoherent and filleted. It will have to be put back together again, but it is extraordinary that that will happen in another place. Yet again, a Bill that intimately concerns this House will, at the end of the day, leave this House in a form in which it could never go on the statute book. If ever there was a lesson to be learned about the failings of our procedures, which, as has rightly been said, are just as important as any other failings in our allowances in diminishing the standing of this place, it is that. Although I welcome the one or two amendments that we are dealing with to tidy things up, the truth is that we are tidying something up that, at the moment, is a hovel of a piece of legislation. A great deal will have to be done to it before it is inflicted on the world outside.

Sir Robert Smith: I welcome the fact that we have at least some time on Report in which to see some improvements and acknowledge some of the requirements that arose in Committee. However, I share the concerns of others that the Bill has not been properly scrutinised in this House and will need to be dealt with in the other place.

Sir George Young: I am grateful for Government amendment 7, which reproduces, at 10 times the length, the four words that I had drafted as amendment 6 to clause 4 yesterday. I want briefly to speak to amendment 2, in the hope that the hon. Member for Middlesbrough (Sir Stuart Bell) and I might score a final quick single before stumps are finally drawn.

The order-making power in clause 13 is wide ranging and substantial. It provides for the Government and the Speaker to draw up a scheme for transferring property rights and liabilities of the House to IPSA and for the order containing such a scheme to be subject to annulment by either House of Parliament, which may or may not lead to a debate and a vote.

As drafted, the clause is objectionable on two grounds. First, it does not guarantee proper scrutiny of such orders; secondly, it gives the other place power to annul a scheme that affects only this House. The amendment tabled by the hon. Member for Middlesbrough would deal with both objections by requiring all orders containing transitional provision to be laid in draft before the Commons only and by making them subject to the affirmative procedure order, thus obliging the Government to make time available either on the Floor of the House or Upstairs to provide the opportunity for a vote to take place. I hope that the amendment will find favour with Government Front Benchers.

Sir Alan Beith: Amendment 7 is obviously necessary, but I am afraid that it will never be sufficient to disabuse sections of the press of the view that MPs claim, personally collect and leave in their bank accounts a wide range of allowances for constituency office rents and staff wages. Numerous newspaper stories still appear implying that those allowances, which are actually transferred to other people, are for the personal profit of the Member. I have often thought that a similar analysis of the salary of the editor of a newspaper that attributed to him the wages of that newspaper's staff and the rent of the building would produce similarly bizarre effects. I am glad that the Government have realised that direct payment is a valuable part of the system.

Mr. Redwood: I want to highlight Government amendment 9, which the Justice Secretary did not explain. It is interesting because it strikes out lines 5 to 7 on page 8, which define

"the Leader of the House of Lords",

as meaning

"the Minister of the Crown who is for the time being designated as Leader of the House of Lords by the Prime Minister".

I presume that the reference to the Leader of the House of Lords is being knocked out because it might be thought inconvenient—for reasons of privilege and their lordships' interest—to have any reference to the Lords when the Bill goes to the other place. That leads one to question the original intent. It looks to me as if the drafting suggested that the Lords should be covered, but the reference is being struck out quickly from the Bill before it goes to the other end of the corridor.

Mr. Straw: Let me explain that this relates to the definition clause and particularly to the tenure period for members of IPSA and the commissioner. It was agreed without argument across the Chamber that the commissioner or members of the authority could be removed only on the basis of an address from both Houses of Parliament, but there was a restriction on how that address could get on to the Floor of either House: it had to be moved either by the Leader of the House of Commons or by the Leader of the House of Lords. We agreed to take that out. That being the case, and with no substantive reference to the Leader of the House of Lords anywhere else in the Bill, the definition could be dropped as completely redundant. That is the reason for the change.

Mr. Redwood: It is useful to have elicited that explanation and have it put on the record before the Bill goes to the other place, but I rest my case. The original intention was that both Houses should be covered. We are now assured that that is not the immediate intention, and I trust that this issue, which might be of considerable interest in the other place, will be teased out further in any debate there.

Amendment 7 agreed to.

Clause 5

MPs' FINANCIAL INTERESTS RULES

Amendment made: 8, in page 3, line 38, leave out subsection (9).—*(Mr. Straw.)*

Clause 7

INVESTIGATIONS

Mr. Jenkin: I beg to move amendment 6, page 4, line 33, at end insert—

'(1A) Any investigations under this section shall be deemed to be proceedings in Parliament as expressed in the Bill of Rights 1689, notwithstanding any other provisions of this Act.'

Mr. Deputy Speaker: With this it will be convenient to discuss the following: amendment 4, page 4, line 42, at end add—

'( ) Subsection (4) does not apply where the Commissioner finds that the member who was the subject of the investigation complied fully with the Members of Parliament allowances scheme and with the code of conduct relating to financial interests as they relate to that investigation.'.

Amendment 3, page 5, line 1, leave out 'IPSA' and insert 'Commissioner'.

Amendment 1, in clause 13, page 8, line 45, leave out subsections (5) and (6).

Mr. Jenkin: I shall be extremely brief. The amendment is, very logically, an extension of the principle of removing clause 10 from the Bill. This is to make sure that investigations under clause 7

"shall be deemed to be proceedings in Parliament as expressed in the Bill of Rights 1689, notwithstanding any other provisions of this Act."

All I would add is that the Parliamentary Commissioner for Standards operates under that principle at the moment. This is independent regulation, but operating on the

same basis—that the investigations should be privileged. The provision also guards against double jeopardy. I urge the House to support it.

Sir Alan Beith: This is precisely the sort of amendment that needs measured and leisurely consideration. Although I am sympathetic to it, I am not convinced that it is the right way to achieve the objective of the hon. Member for North Essex (Mr. Jenkin). I shall be interested to hear the Government's response.

Having entered that proviso, let me also say what an unusual delight it is to see an amendment of mine carried before its even being reached.

Sir Stuart Bell: I wish to speak to amendment 1, which I tabled.

It was never expected that the Bill would be retrospective, but it is important for us to put the question of allowances behind us, and it is important for the Bill to assist in that procedure. I can tell the House that the review of allowances that has been authorised over the last four years has been put in train, that the House of Commons Commission, with the approval of all party leaders and Members on both sides of the House, has begun its work, and that the terms of reference have been agreed. Sir Thomas Legg is the distinguished chairman of the review body; his independence is absolute and sacrosanct, and must be seen to be so by the public. The review will cover four years of receipts, and it will be minute and thorough.

My amendment is intended to remove any prospect, should it exist, of a further review. I believe that a sword of Damocles would have been held over each and every Member if retrospection had operated, whether rightly or wrongly. It has been suggested to me that there might be a gap between the authority's taking over and Sir Thomas Legg's review, and that a mishap in the interstices—perhaps relating to misbehaviour—might not be brought to the attention of the new body, which might cause a vacuum in the proceedings. As we know, however, the Committee on Standards and Privileges is still there, will continue to be there, and can exercise its own authority and powers should anything fall within those interstices.

Mr. Heathcoat-Amory: It seems to me that amendment 6 is affected by the decision to remove clause 10, which means that, as we understand it, the Bill of Rights 1689 will apply. The amendment would ensure that any investigations under clause 7 were deemed to be proceedings under that Bill. It occurs to me that the commissioner may not be able to conduct his investigations, because he constitutes a body outside Parliament.

The Bill states that proceedings in Parliament, which will now include the investigations under clause 7, cannot be

"impeached or questioned in any court or place out of Parliament."

It seems to me that the commissioner, and indeed IPSA, will constitute a "place out of Parliament", because, unlike the Committee on Standards and Privileges or the Parliamentary Commissioner for Standards, they will be independent and outside the jurisdiction of Parliament. That is the whole point of making them independent, and that may reinforce the case for retaining a central role for the Committee on Standards and Privileges, which, being a parliamentary body, can quite properly investigate proceedings that take place in the House.

Mr. Duncan Smith: I do not want to interrupt my right hon. Friend's train of thought, but, having been a member of the Committee that introduced the Committee on Standards and Privileges, I have yet to hear from anyone that there is an urgent need for the arrangement to be changed. I know that we are not specifically discussing the case in question, but I have yet to understand that any other than the Leader of the House's opinion believes that the punishment should have been harsher. Other than that, I am aware of no one in the media who is saying, "If only we had some other system that is tougher than this one", and none of my constituents have written to me to say that. This system is generally accepted to be reasonable, fair and, at the right moments, harsh on those it needs to be harsh on.

6.15 pm

Mr. Heathcoat-Amory: I am grateful for that intervention because that is exactly my experience. We have all been on the receiving end of a great deal of criticism about the expenses regime, and it is essential that we reform that quickly, but, like my right hon. Friend, I have not received any criticism that the House Select Committee on Standards and Privileges is not doing, and has not done, its job well. The Committee and its Chairman, my right hon. Friend the Member for North-West Hampshire (Sir George Young), have to my knowledge never been criticised for having pulled their punches at all when Members have had to be disciplined. Despite that, we are transferring a large part of these duties to the new Commissioner for Parliamentary Investigations.

We will have two commissioners; we have discovered that during the course of our debates on the Bill. My point is that the new Commissioner for Parliamentary Investigations will be outside Parliament. Therefore, according to the Bill of Rights, he will be a "place out of Parliament." If I am wrong on that, I will be happy to be corrected.

Sir Alan Beith: I understand the position to be that the commissioner will be unable to adduce proceedings in Parliament in pursuit of a matter relating to Members' interests, and will therefore find himself concentrating on the expenses issue, which is the primary reason for creating this body in the first place. It would be illogical to leave Members' interests matters with the standards committee. They can, of course, be looked at without reference to proceedings in Parliament; indeed, it is often possible to do so.

Mr. Heathcoat-Amory: That is a helpful intervention. I have no objection to the new commissioner looking into matters of expenses, which is the subject of most of the controversy, if he really is essential, but, as the right hon. Gentleman said, he will also be looking into other matters. To do that, he will have to look into our debates and reports of what has happened in our Committees, and that will be prevented by the Bill of Rights.

Sir Patrick Cormack: I entirely agree with the points my right hon. Friend is making, but is he aware that the next business is the sunset clause, and it is crucial that we get on to that?

Mr. Heathcoat-Amory: Well, I slightly resent that intervention actually, as I think this is an important matter. Although I do not intend to speak at length, I

[Mr. Heathcoat-Amory]

do think we need answers to some of these questions. We have not had many answers during this debate. I am fully aware that there are other matters to be decided, however, and I am sure they are important, too.

This Bill is a complete muddle. We are stumbling forward without any idea of the consequences of what we are doing. I may be wrong, but I would like some light to be shone on this complicated matter before we proceed.

Mr. Dismore: Amendments 4 and 3, which offer the only opportunity to raise the lack of a right to appeal, deal with issues relating to procedure and the setting of those procedures. I do not want to repeat at length what I said on Second Reading, because that would be going back over old ground, but I think it is important to recognise that there is no right of appeal for any Member in this process. If we are going to start looking at having outside regulation—whether through the commissioner setting his own process or, as the Bill stands, through IPSA—to whom can a Member appeal? If amendment 4 passes, a report will not have to be made.

The Government argue that the Bill is compatible with the right to a fair hearing because IPSA is independent, but my Committee report tagged to the debate does not accept that in respect of IPSA's functions, the rules devised, the procedural safeguards designed and the various investigation and enforcement powers. All that adds up to saying that IPSA is not an independent and impartial tribunal as required by article 6 of the European convention on human rights. Lord Bingham, in his evidence to the Joint Committee on Parliamentary Privilege said:

"I am always rather uneasy if any decision by anybody, however wise and authoritative, is final and immune from any challenge, and therefore the reason why I think it would be desirable to have a route of challenge available is simply to eliminate that situation.

That was just one point that he made; it was not the full quote. He went on to say that the way to deal with this matter would be to have a right of appeal from the House to the Judicial Committee of the Privy Council. I had tabled an amendment to that effect, but that was, unfortunately, not reached because of the guillotine—that is another example of the problems that we have been experiencing.

If an outside body is to carry out our regulation and we are, thus, trying to externalise all this, we must have the same protections as any other professional body in those circumstances. Until recently, the General Medical Council and the General Dental Council both had rights of appeal to the Privy Council for matters resulting from their determinations. That position has changed slightly, but the Judicial Committee of the Privy Council has developed expertise in determining such matters. It has learned to use this power sparingly and appropriately, and it would therefore be appropriate to consider that body as an option. The Judicial Committee of the Privy Council already has a role in determining whether a Member of the House is subject to a statutory disqualification under section 7 of the House of Commons Disqualification Act 1975, so no great new principle is involved. What I am proposing would simply mean that if a Member is subject to disciplinary proceedings, they, like anybody else in the outside world, would be entitled to due process. Part of that involves the right of appeal, which is simply not provided for in these provisions.

Mr. Grieve: I, too, wish to see the House move on as quickly as possible to the sunset clause, but the points raised by my hon. Friend the Member for North Essex (Mr. Jenkin) merit consideration. In the vote that we have just had, whereby clause 10 was removed from the Bill, the Committee made it transparently clear that whatever regime is set up to deal with our finances and allowances externally, it cannot and must not infringe article IX of the Bill of Rights. I therefore hope that the Secretary of State, in his reply to even this short debate, will assure us that the Government recognise what the Committee was saying in that decision and will ensure that whatever is put together in the House of Lords to rebuild this Bill will be done in a way that achieves that objective.

I say that because although we have removed the clause that said that the Bill of Rights does not apply, we have not secured anything that expressly says that it does apply. I hope that the Secretary of State will, in the spirit of the vote that took place—the Committee was trying hard to reach a consensus—indicate that he fully appreciates what that message was. It is clear that it is possible to have a regulatory regime in which our allowances and salaries are dealt with externally to this House without intruding on the Bill of Rights. That can happen only if the Secretary of State is prepared to re-examine clauses 7, 8 and 9—some other areas may also need to be examined in a bit of detail—in order to ensure that what is put together conforms with the protection that the Bill of Rights affords to our independence, and freedom of speech and action.

Without that, we will end up having further arguments when this Bill returns from the House of Lords. Although the Bill is not in a fit state to go on to any statute book anywhere as it goes now to the House of Lords, I am pleased that the way in which it is going there gives the other place a perfectly clear indication of what it must do to put the Bill right. I hope that the Government will co-operate in this process. Mindful of that, I hope that when the Secretary of State responds to the points that have been made, particularly those raised by my hon. Friend the Member for North Essex, who has performed such a sterling role in the passage of this Bill, he will provide the assurance that he recognises that the Bill of Rights will not be infringed upon by this legislation.

Mr. Straw: I shall go through the various points that have been raised. I can first tell my hon. Friend the Member for Middlesbrough (Sir Stuart Bell) that we will accept amendment 1, which removes subsections (5) and (6) from clause 13. There was never the least intention to make the Bill retrospective, but as anxiety about that has been expressed, I am happy to clarify the point.

Sir Stuart Bell: Notwithstanding the short time available for this Bill, my right hon. Friend has been most understanding and given it his best shot. I am sure that the House will join me in appreciating his acceptance of various amendments.

Mr. Straw: I am grateful to my hon. Friend for those words.

Amendment 6 was tabled by the hon. Member for North Essex (Mr. Jenkin)—Essex is a fine county. Ironically, for those of us involved in the cross-party conversations, it was originally suggested that there were two ways to handle the issue of privilege as far as IPSA and the commissioner were concerned. I leave aside the issue of evidence of paid advocacy—how to deal with obtaining evidence when a charge under clause 9(3) is being pursued—for the moment. As far as the other two limbs of what was clause 10 are concerned—it is, of course, now dead—the original proposal was that we brought IPSA and the commissioner into the ring of privilege, and it was drafted to that effect. At that stage, there was no market for that because, as we were trying to create a body independent of Parliament, it might look as though we were trying to have our cake and eat it by providing that statutory and arm's length body with privileges and even immunities that did not apply to any other body. That was dropped in favour of carving privilege out of the operation of IPSA and the commissioner.

I endorse the words of the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith). We do not rule out the proposal in amendment 6—indeed, it was in play at one point. I see the hon. and learned Member for Beaconsfield (Mr. Grieve) smiling in agreement. However, it will require some thought. Although we are anxious to get the Bill through—that is certainly the explicit commitment of the Government and the Liberal Democrats and, by implication, of the Conservatives—I hope that the hon. Member for North Essex will join me and others to consider it. Contrary to the myth that this is some kind of supine Parliament, Parliaments since 1997 have been more assertive of opinion in the House against the Government of the day than any other. There is good research evidence to that effect from the professor of politics at Nottingham, whose name escapes me at the moment.

Mr. Grieve: The Justice Secretary heard what I said earlier, and I hope that he will be able to give some comfort to the House, especially as we are about to lose control of this Bill. If it were to go through the Lords without amendment, it could go on to the statute book and it would be incoherent. That could happen. Can he confirm that the will of the House to get rid of clause 10 is fully understood by the Government and will be respected?

6.30 pm

Mr. Straw: I shall come to that. There was serious anxiety in the House. I feel frustrated, although I know that it is one of those things. We are trying to get the Bill through, and there is heavy pressure—this applies to Governments of all descriptions, but it just happens to apply to this Government at the moment—and there was no time to debate clause 10. I fancy that my powers of advocacy would have been sufficient—*[Interruption.]* I know that the Government are to blame for the fact that there was not time, but I am making the point that I hope that my powers of advocacy would have been sufficient to have persuaded three people to vote the other way, had I had the opportunity.

Of course, we will consider amendment 6, too. However, on a point on which I was engaging the right hon. Member for Berwick-upon-Tweed—*[Interruption.]* This is in answer to the hon. and learned Member for Beaconsfield. Of course, I respect the view of the House, but I also want there to be an overall scheme that is workable and effective—*[Interruption.]* May I have the hon. and learned Gentleman's attention, since he asked the question? Clause 10 said:

"No enactment or rule of law…is to prevent"—

that is, article IX will not prevent—

"the IPSA from carrying out any of its functions"

or

"the Commissioner from carrying out any of the Commissioner's functions".

The House is very clear, and one way through it is to do the reverse, which is what the hon. Member for North Essex proposed and it is something that we, too, considered.

The third limb of the clause concerned

"any evidence…being admissible in proceedings against a member of the House of Commons for an offence under section 9."

Let me simply put a point before the House for consideration—we all have to think about this. The exact issue has arisen in the past in respect of bribery. When the matter was considered by a Joint Committee on the issue of bribery some time ago, it was agreed that Members of the House of Commons or House of Lords should not be exempt from prosecution for bribery and that, in certain cases, the only evidence might be what they had done in the House of Commons.

In order to get a bribery Bill on to the statute book, the issue is being further examined by the Joint Committee on the draft Bribery Bill. We have put forward a draft Bill, copies of which are available in the Vote Office. Clause 15 proposes that article IX of the Bill of Rights is not to prevent

"any evidence of…words spoken by a member of either House…or…any conduct of such a member in such proceedings…being admissible in proceedings against the member for a bribery offence or in related proceedings."

I would have accepted the amendment tabled by the right hon. Member for North-West Hampshire (Sir George Young), which would, essentially, have put the third limb of clause 10 into that form.

Of course, I understand what the House has said, but there is also a serious issue. There is an argument between those on the two Front Benches about whether clause 9(3), which is the paid advocacy clause, is needed. As I understand it, there is no argument but that paid advocacy should be the subject of criminal proceedings.

Mr. Grieve: I want to get on, but I think that I made the position quite clear. I see paid advocacy as bribery and the draft Bribery Bill provides the perfect vehicle for dealing with that and for ensuring that Members of Parliament are not exempt by virtue of the Bill of Rights. It seems to me that what was clearly stated in the way in which the Committee voted to get rid of clause 10 was that, for the purposes of the regulation of the House and any criminal offences that might be thought to be relevant, the Bill of Rights would continue to apply. I think that if the Secretary of State tries to do something else in the other place, he will find, in the light of that vote, that he will face serious difficulty.

Mr. Straw: On the regulation of the House, I accept what the hon. and learned Gentleman has said. However, the whole House needs to think about consistency with clause 15 of the draft Bribery Bill. There is a serious

[Mr. Straw]

issue to think about. If such a provision is in the draft Bribery Bill and the House's wish is for there to be a bespoke offence, that offence will have to be in this Bill in some form or other.

Sir Alan Beith: The Lord Chancellor should keep in mind the advice of Speaker's Counsel, which was that the law on corruption in this country does not require a person to prove that a corrupt design was carried out, but to show only that it was entered into. Such a demonstration does not require the consideration of proceedings in the House.

Mr. Straw: Everyone who has looked at the issue of bribery has accepted that there has to be a provision similar to what is in clause 15 of the draft Bribery Bill. That has been accepted across the House, and approved by it. I hope that that is a useful explanation.

Mr. Jenkin: I am grateful to the Secretary of State for not really advancing a single argument against my amendment 6. I am bound to say that he does not look that unhappy about the loss of clause 10. I see no need to press the amendment. I am grateful for his assurance that he will look at the matter. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 12

INTERPRETATION

Amendment made: 9, page 8, line 5, leave out lines 5 to 7.—*(Mr. Straw.)*

Clause 13

POWER TO MAKE TRANSITIONAL ETC PROVISION

Amendments made: 10, page 8, line 36, leave out paragraph (c).

Amendment 1, page 8, line 45, leave out subsections (5) and (6).

Amendment 11, page 9, line 24, leave out from 'section' to the end of line 25 and insert

'may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.'.

Amendment 2, page 9, line 24, leave out from 'section' to the end of line 25 and insert

'shall not be made unless a draft of the instrument has first been laid before, and approved by a resolution of, the House of Commons.'.—*(Mr. Straw.)*

Clause 14

SHORT TITLE AND COMMENCEMENT

Alan Duncan: I beg to move amendment 5, in page 9, line 39, at end add—

'(4) This Act and any Statutory Instrument made under this Act shall cease to have effect on the first anniversary of the day on which the Act is passed.'.

We might get a little squeezed in the Third Reading debate, so may I take this opportunity to extend the usual courtesies to the Secretary of State and his staff? We on this side of the House have sat through many discussions over the past few days and we are very grateful for the courtesy and reasonableness with which the right hon. Gentleman has treated us and entered into those discussions. It has been an exemplary way of handling what has been a difficult and controversial Bill. We and others believe that it has been hurried through but, given all those pressures, we could not have asked for more courtesy and reasonableness in the manner of its handling.

Colloquially, this amendment is a sunset clause—a notion often discussed in this House, but insufficiently and rarely applied to legislation. Variations of the amendment were used for emergency powers granted by the House to deal with issues such as terrorism. It is a very sensible instrument for any piece of legislation that is unduly controversial and which may have unforeseen consequences.

This is such a Bill. There can be no doubt that it has been hurriedly cobbled together, and perhaps even more hurriedly rushed through this House. It is very rare to have Second Reading, Committee and Report on three consecutive days. A Bill of this magnitude and consequence will have effects that none of us will have been able properly to understand, even after the vigorous debate that we have enjoyed. It therefore makes good sense to put a natural expiry date on it, so that in a year or so the House is required to come back and take a look at how it has worked.

There may be court cases, changes in the behaviour that we can display in the House, and effects on right hon. and hon. Members, and possibly even our staff, that we have not envisaged. It is simply sensible and uncontroversial to allow us to look at the Bill in the cold light of day after it has been in place for a year, and so inevitably after there has been a general election. Nothing could be worse than making bad law and letting it lie on the statute book. The surest way of making sure that bad legislation comes back before this House is to make its return automatic by passing a sunset clause. Thereby, if the Government of the day wish to renew the Bill, believe that it has been of value and is working, or believe that it should be amended, the Bill can be started again, have its sunset clause triggered, or be brought back for amendment.

I urge the House to do something that it always says it would like to do, namely agree to a sunset clause. Let us do it and just see how it works, so that the Bill, which is likely to be agreed to, can come back in a year's time, and we can see whether the House looks upon it as we have done this week.

Mark Durkan: The hon. Member for Rutland and Melton (Alan Duncan) has made the point that sunset clauses are familiar to the House because they have been used in legislation dealing with emergency provisions in terrorism situations. Of course, one of the reasons that legislation is deemed to be temporary is that it is hoped that the conditions and requirements demanding the legislation are temporary. Sunset clauses have been used in various bits of Northern Ireland legislation during the peace process, as institutions were established, different arrangements were put in place, and safeguards were introduced that it was hoped could later be disposed of. Sunset clauses were inserted in the hope that the circumstances and environment would change so the

law would not have to remain permanently on the statute book, and there would not have to be a full Act of repeal.

The situation that we are discussing is very different. I do not think any of us believe that the fundamental credibility question, and the issue of having independently verified and monitored standards in relation to parliamentary expenses and financial probity, will pass or be temporary. We are not talking about just a wee 2009 affair, courtesy of *The Daily Telegraph*; the situation goes deeper than that, and we are kidding ourselves if we think we can deal with that in a sunset clause. We are in danger of undermining the authority and standing of IPSA if we say we are setting it up on approval for a year. We have already inserted parliamentary control into an awful lot of what IPSA does.

Mr. Garnier: If the Act is good, we will re-pass it. If it is not, we will not.

Mark Durkan: That is what the hon. and learned Gentleman says, but when is another matter. Let us be clear: we have already made sure that the involvement of Parliament has been inserted into all sorts of controls, checks and brakes in relation to the conduct, performance and investigations of the authority. Earlier, I referred to the conundrum of the "There's a hole in my bucket, dear Liza" syndrome; IPSA is independent, but parliamentary sovereignty is asserted over it.

Mr. Bone *rose—*

Mark Durkan: I want to finish and let other Members speak. The situation is something of a hologram. We are saying that IPSA is independent, but for other purposes we are saying that there is parliamentary control. We are also saying that IPSA will have a shelf-life of one year, and if we do not like what it does, we can dispose of it completely. How we are meant to recruit people of competence and credibility to the authority on that basis I do not know. With a sunset clause, there is the danger that we might be saying, "This is temporary for a year. It could change next year." Do Members of this House want to fight a general election on the issue of expenses and how they are managed and controlled? That would be a very dangerous virus to come into a general election campaign. That is the danger of a sunset clause.

6.45 pm

Mr. Duncan Smith: I intend to be very brief indeed.

I completely disagree with the hon. Member for Foyle (Mark Durkan), as I cannot understand how anyone in the House would want to deny it the right to revisit legislation. That runs contrary to the whole point of being elected, so I hope that he has time to rethink his comments.

Mark Durkan: Will the right hon. Gentleman give way?

Mr. Duncan Smith: No, the hon. Gentleman has had his turn.

I support my hon. Friend the Member for Rutland and Melton (Alan Duncan), who moved the amendment, and I hope that the Lord Chancellor will look at it carefully and understand why we need it. The measure worked perfectly well in the Prevention of Terrorism Act 2005, as we were able to make sure that we constantly revisit legislation we may have concerns about.

We have rushed the Bill through. We would not need the sunset clause if we had not done so. We are now seeing clauses knocked out at the last moment, and promises made across the Floor of the House that in the other place—the unelected Chamber—changes will have to be made. That is not right. The hon. Member for Nottingham, North (Mr. Allen) made a powerful speech, in which he talked about our taking control of the affairs of the House. What we have shown in the past two days is that we are not fit to take control of anything, because we would rather have an unelected House do our work for us—that work is relevant to us, not to them—which is absurd. The reason for the sunset clause is clear: we need to revisit the measure in time to make sure that any mistakes can be rectified.

The problem is absolutely clear. It is simply that our expenses system has been abused and is weak, but we could change it in short order. We did not need a series of major changes to our rights, responsibilities and privileges, cobbled together on the back of that requirement. What has happened, on the whim of the Prime Minister, is that we now have this extraordinary Bill, which is ill-thought-through and liable to major change in another place. Surely the purpose tonight is not to be party political. The purpose—*[Interruption.]* People may laugh about that, but this is not party political. If the hon. Gentleman had an iota of courage—and he does not need to look at me like that, because I voted against my Government on many occasions—instead of sneering he would vote for the amendment, knowing that he voted for those who come after him to take control of this place. Surely this is the point: let us make sure that we have a chance to revisit the measure, and overturn it if necessary.

Mr. Straw: I was not sneering at the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith). [HON. MEMBERS: "He meant the hon. Member for Wirral, West."] Okay, but I was chuckling at him, because there was a disconnection between his invective against the Prime Minister and what he said in his next breath about this not being a party political issue. I agree that it should not be seen as a party political issue, and I remind the House that all three party leaders backed the establishment of a parliamentary standards authority. *[Interruption.]* Okay, that was the view of the Leader of the Opposition, and it was also the view of the leader of the Liberal Democrats.

Lynne Jones (Birmingham, Selly Oak) (Lab): I would have attempted to intervene on the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), as I wholeheartedly agree with his point that the House is constantly abrogating our responsibility adequately to scrutinise legislation and sending it to the other place to do the job for us. That is even more pertinent when it comes to a Bill that relates to the regulation of Parliament. I hope that my right hon. Friend will address that issue, because the way the Government guillotine such legislation is a disgrace.

Mr. Straw: First, there is good evidence in a Modernisation Committee report from two years ago—that evidence came from the Clerks of the House—that it is

[Mr. Straw]

a myth that this House spends less time on legislation than the other place does. It is simply not true. *[Interruption.]* Well, that was the implication of what was said. Secondly, on the insufficiency of time, I personally have always been in favour of the House sitting late, but—

Mr. Gerald Howarth: Will the right hon. Gentleman give way?

Mr. Straw: No, I will not.

It is the House itself that has been in favour of not going late, as Members have been anxious to get away. That is the constant pressure on our Whips. It makes no difference to Ministers. I would have been happy, as would our Whips, to have debated the Bill at some length.

Several hon. Members *rose—*

Mr. Straw: Others wish to speak, so I must deal with what is proposed. I endorse entirely the remarks of my hon. Friend the Member for Foyle, who has been consistent in saying in the Chamber what he said in the privacy of the cross-party talks, which has not always been the case with others who took part in those talks. If the Opposition are serious about endorsing the principle and backing the establishment of a parliamentary standards authority, I have to say they know nothing about establishing organisations if they put a question mark against the future of that authority within just a year of its establishment.

Many legitimate issues have been raised about the future of the staff of the Fees Office who are to be transferred to the authority. We must provide them with security. What conceivable security would they have if they faced the clear promise that the Act would cease to have effect on the first anniversary of the day on which it was passed?

Alan Duncan: Very nice try, but it does not wash. As someone who has run organisations and set them up, I appreciate that the Secretary of State is quite right to say that the staff need some sort of continuity, but we are considering not just the staff but the significance of the legislation that we are passing. It is not the independent fees office that is in any way controversial—the Secretary of State is right; we all support that; it is all the surrounding implications for privilege and so on that matter, and they may well need revisiting. Doing so in no way threatens the stability of the independent fees office that the Bill sets up, and which should be the only thing it sets up.

Mr. Straw: That is not what the amendment says. It does not provide an opportunity to revisit the Act. It states:

> "This Act and any Statutory Instrument made under this Act shall cease to have effect on the first anniversary of the day on which the Act is passed."

Let us say that we get Royal Assent by 31 July, and the body gets going, with staff being transferred, on 1 January. Seven months later, it ceases to have effect. That is an extraordinary idea.

Several hon. Members *rose—*

Mr. Straw: I shall give way in a moment.

I accept entirely that the hon. Member for Rutland and Melton (Alan Duncan) has set up and run organisations. I know that that is true. He knows very well that it would be impossible to recruit anybody at any level if they were told, "The certainty is not only that you're going to lose your job, but that the firm is going to be wound up within seven months of your coming in."

Sir Robert Smith: The purpose of a sunset clause is to recognise the urgency of the legislation. Because it has been expanded and rushed through, it needs to be properly scrutinised and checked. By rushing it through now, we can get started and address the immediate problem of the expenses and transferring it to an external organisation, but with the sunset clause in place, the Government could introduce proper legislation in the autumn, with plenty of time in both Houses for it to be properly scrutinised and fully implemented.

Mr. Straw: The better way of handling the burden of what the hon. Gentleman says is for all parties to commit themselves to monitoring the legislation carefully—I certainly do, on behalf of my party—and ensuring that adequate time is provided for any amending legislation that is needed, which could be in a single Bill or as part of a second Bill.

Mr. David Winnick (Walsall, North) (Lab): Will my right hon. Friend give way? If a sunset clause were agreed to, would there not be a cynical feeling among the public, which the Opposition refuse to accept, that we were setting up the authority because of the scandal and the way the House has been brought into disrepute? Surely no one denies that. The public would say, "If the new body is too effective, Parliament will do away with it." We have learned the lesson with Elizabeth Filkin, who was a very effective Parliamentary Commissioner and was dismissed because she did her job too well.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I realise there are many people wanting to speak.

Mr. Straw: I accept entirely what my hon. Friend says on that point. Although there are real preoccupations for this House about how this House operates, we need to remember that the reason we are introducing the provision for IPSA is that we—ourselves, collectively—failed to self-regulate. The idea that we put the issue back on the agenda by adopting this, I am afraid, really rather silly amendment is ridiculous.

Sir Robert Smith: In the brief time that is left, I want to associate Liberal Democrat Members with the thanks to the Secretary of State and his staff for the way they—

Mr. Redwood: On a point of order, Madam Deputy Speaker. As the Justice Secretary has said that he likes to sit later, and as we need a lot more time to do this Bill justice, can we have a motion now to go on until 10 o'clock?

Madam Deputy Speaker: I am operating under the existing programme motion, and there is no opportunity for me to change it.

Sir Patrick Cormack: Further to that point of order, Madam Deputy Speaker. Do you realise that there is a seething anger in this House because we have no time for Third Reading at all? This is a Bill of monumental importance, and the only reason we are debating the current clause is that it has been rushed through. Is there something you can do? Can I move a motion, and will you accept it?

Madam Deputy Speaker: While we are debating these points of order, the clock is ticking away. I have already ruled that there is nothing I can do to change the matter.

Sir Robert Smith: Despite the controversy and mishandling, I want to place those thanks on the record, because there has been quite a lot of movement and communication, and it has helped the Bill to become a bit better—but not perfect. It is definitely still in an unworkable form.

Sir Alan Beith: While my hon. Friend is offering thanks, I wonder whether he will allow me to encourage him to thank the two Committees that have contributed to these debates, and the Members and staff who have made that possible.

Sir Robert Smith: Had my right hon. Friend not intervened on me, those two items would have been next on my list. Those thanks stand on the record; I shall not bother repeating them. However, those Committees have made a huge difference to informing the House and to the Bill's progress.

As I said to the Secretary of State, there is a consensus among the vast majority of those in the House that putting out to an external authority the handling of Members' expenses, finances and salaries is a very necessary way to restore public confidence in this country's body politic. It was a crucial part of the Bill and a crucial reason for its urgency. However, the Bill expanded like Topsy and got into an awful muddle as the Government bolted on extra aspects that have had to be removed. That has made it much more unworkable, and means that it needs to be revisited and properly scrutinised.

The Bill will go to the other place, which we hope will do a good job in trying to improve it, but putting the onus on the Government by introducing a sunset clause so that they knew the Bill had to be revisited would concentrate their mind. In the autumn we would be able to come forward again with the full scrutiny of effective legislation, fully worked out, so that we had a permanent solution that dealt with all the concerns that have been raised in this debate. I urge the Government, even at this late stage, to accept a sunset clause.

Mr. Andrew Tyrie (Chichester) (Con): There are three good reasons why we need a sunset clause. First, as the Secretary of State said, this is emergency legislation, and emergency legislation should generally carry a review or a sunset clause. Secondly, the Government have themselves published guidelines with which to judge whether Bills or regulations should have sunset clauses. On the list of criteria deemed to be particularly appropriate for sunset clauses, there is

"regulation responding to a particular crisis or to political and public pressure".

I cannot think of anything more apposite to describe the need for a sunset clause. Indeed, the Secretary of State used the word "pressure" only a moment ago.

The third reason, which we all know about because we have been sitting here for three days, is that the Bill is in a thoroughly shoddy state and needs to be fundamentally reviewed. It will not be properly done in a few weeks in the other place; we will have to do it ourselves in a year's time—hopefully, when my party is in government.

Sir Patrick Cormack: This is a monstrous Bill, which has been pushed through with indecent haste. If we had taken the proper time, we could have had a decent Bill that dealt with expenses but did not interfere with Parliament's rights and privileges. This is a black day for Parliament, and I urge the House to support the sunset clause so that at least we can try to put things right in a year's time.

Question put: That the amendment be made.

The House divided: Ayes 225, Noes 284.

Division No. 179] **[7 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davis, rh David
Djanogly, Mr. Jonathan
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Foster, Mr. Don
Fox, Dr. Liam
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles

Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Richard Younger-Ross and Bill Wiggin

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Corbyn, Jeremy
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.

Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oiner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mrs. Sharon Hodgson and Mr. John Heppell

Question accordingly negatived.

It being after Seven o'clock, The Deputy Speaker then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Programme Order, 29 June, and Standing Order No. 83E).

Schedule 1

Independent Parliamentary Standards Authority

Amendments made: 12, page 10, line 12, leave out 'holds or has held' and insert 'has held (but no longer holds)'.

Amendment 13, page 16, line 3, after 'and' insert 'the Speaker must'.—*(Barbara Keeley.)*

Schedule 2

Commissioner for Parliamentary Investigations

Amendments made: 14, page 19, line 3, after 'and' insert 'the Speaker must'.

Amendment 15, page 19, line 5, leave out 'On laying' and insert 'When the Speaker lays'.—*(Barbara Keeley.)*

Third reading

Motion made, and Question put, That the Bill be now read the Third time.

A Division was called, but no Members being appointed Tellers for the Noes, the Deputy Speaker declared that the Ayes had it.

Question accordingly agreed to.

Bill read the Third time and passed.

SAVING GATEWAY ACCOUNTS BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith (Standing Order 83A(7)),

That the following provisions shall apply to the Saving Gateway Accounts Bill for the purpose of supplementing the Order of 13 January 2009 (Saving Gateway Accounts Bill (Programme))—

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement at this day's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any further question being put.

3. The proceedings on any further message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*(Mr. Watts.)*

Question agreed to.

Saving Gateway Accounts Bill

Consideration of Lords amendments

Mr. Deputy Speaker (Sir Michael Lord): I must draw the House's attention to the fact that privilege is involved in Lords amendments 1 and 2. If the House agrees to these amendments, I shall ensure that the appropriate entry is made in the *Journal.*

Clause 3

TRANSFERS

7.16 pm

The Exchequer Secretary to the Treasury (Sarah McCarthy-Fry): I beg to move, That this House agrees with Lords amendment 1.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendment 2.

Sarah McCarthy-Fry: Lords amendments 1 and 2 would make all recipients of carer's allowance eligible for the saving gateway. The issue was discussed in detail during the Bill's previous stages in this place, and I am particularly grateful to my hon. Friends the Members for South Thanet (Dr. Ladyman) and for Leeds, East (Mr. Mudie) and the hon. Member for Taunton (Mr. Browne) for raising it. In response, the then Economic Secretary said that the Government were minded to table amendments in the other place—*[Interruption.]*

Mr. Deputy Speaker: Order. Perhaps hon. Members who are not taking part in the debate will leave the Chamber quietly and let us get on with our business.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): On a point of order, Mr. Deputy Speaker. I understand that the statement is now due to follow the business that we are considering. I wonder whether the Speaker has taken it into consideration that, during earlier points of order about the Government's not coming to the House to discuss the nationalisation of a particular rail franchise and our having to wait for the statement to be made in the other place first, the Leader of the House was signalling to him, for all to see, that the statement would not be made at 7 o'clock, as he proposed, but at 5 o'clock. We had no statement at 5 or at 7 and we still await it.

Could you also tell me, Mr. Deputy Speaker, whether, now that the Speaker has had time to read the transcripts from the "Today" programme, which I know he has in his possession, he or anyone in the Chair plans to make a clear criticism of the Government for their failure to come here before announcing a programme of nationalisation on the radio?

Mr. Deputy Speaker: Perhaps I could deal with those matters in reverse order. On the second point, it is not for me to try to explain to the right hon. Gentleman what the Speaker has in mind. The statement will made later this evening, and the Chair has played no part in that decision—the Government are producing the statement.

Sarah McCarthy-Fry: As I was saying, the Government intended to table amendments in the other place, and my noble Friend Lord Myners did that at the first opportunity. I should like again to place on record our thanks to all those with caring responsibilities. We will continue to do all we can to help and support them, and I am glad that we have been able to find a mechanism to do that while staying within our original policy objectives.

As hon. Members know, the saving gateway is targeted at working age people on lower incomes. As the then Economic Secretary explained, carer's allowance can be claimed by anyone aged 16 or older, as long as they meet the various requirements, and there is no upper age limit. Indeed, 375,000 of the 880,000 claimants are of pension age. Making everyone who is entitled to carer's allowance eligible for the saving gateway would extend eligibility to a large number of people from outside our target group.

We have therefore looked for a more targeted option. The amendments would make those receiving carer's allowance eligible for the saving gateway, rather than everyone who is entitled to receive it. Even without the amendments, around 225,000 claimants of carer's allowance would be eligible for the saving gateway through qualifying benefits. The amendments will add a further 300,000 carers to that number, taking the total to more than 500,000. I commend the amendments to the House.

Mr. Mark Hoban (Fareham) (Con): As the Minister said, the issue has been discussed at length in the Commons. The Government's late conversion to the cause may come as a surprise to those who took part in the debates in Committee, as the then Minister did not greet the probing amendments that were moved with any great enthusiasm. Indeed, she used some of the statistics that the Minister has now used as a reason not to extend the scheme to carers. That said, we should not be too churlish when the Government listen to the views of hon. Members in all parts of the House, so we welcome the measure.

The only omission from the Minister's remarks was any indication of the cost of extending eligibility to people in receipt of carer's allowance. It would be helpful for the House to know the additional financial commitment that has been entered into as a consequence of the Government's accepting the Lords amendment.

Mr. Jeremy Browne (Taunton) (LD): I rise briefly to thank the Minister for accepting the amendment, which was tabled in my name in Committee. We support the overall principle of the Bill, which is to give people of working age on very low incomes greater opportunities and incentives to save, and the benefits that will flow from that. Our feeling was that carers as a group were worthy of consideration. I am therefore grateful to the Minister for slightly belatedly accepting the merits of that argument, which, as the hon. Member for Fareham (Mr. Hoban) said, it would be churlish not to recognise as a positive development.

Although I am minded to support the amendments, because their origin is those that I and others put forward in Committee, I, too, would be curious to know their estimated financial costs. However, unless the amendments are prohibitive—I assume that they are not, because the Minister does not appear to regard them as such—we would be enthusiastic in supporting them.

Mr. John Redwood (Wokingham) (Con): When we last considered the Bill, I asked the Minister to tell us what interest rate would be made available and how much good news there would be for savers under the scheme. Absolutely no information was forthcoming, so I hope that she will be able to supply it now that we are extending the scheme, because given the people to whom we are extending it, we want to ensure that it would be valuable to them and worth their attention.

It is absolutely typical that such a proposal should come forward with no costing, no regulatory impact assessment and no comment from the Minister about why the scheme might take off and why it might help the people whom we would all like to help. I am afraid that, yet again, we are seeing an appallingly bad standard of work.

Mr. John Gummer (Suffolk, Coastal) (Con): Can my right hon. Friend imagine any company on earth that would make a proposition without properly costing it and without the shareholders and the board understanding what they were letting themselves in for? Why are the Government totally unable to understand the basic rules of economics?

Mr. Redwood: I quite agree with my right hon. Friend. We would like the scheme to work, because we agree with the broad aim and we would like to assist people who could qualify under it, but throughout the process Ministers have been completely wooden. They will not tell us who will introduce the scheme, how much the fees and costs will be, what the interest rate would be if it were launched today or how much the amendment will cost, because they clearly do not know whether the scheme will be popular and take off. Indeed, how can they know that if they have done none of the homework on whether the scheme makes sense for the people concerned?

Indeed, if the Government are not careful, they will be guilty of mis-selling, because one cannot come to a conclusion about whether the proposed scheme is a suitable savings scheme for people on low incomes and benefits unless one knows the answers to some of the questions that I and others have been putting. Therefore, at this late stage, can the Treasury and the Minister redeem themselves by giving the House some information so that we can willingly approve the scheme and know that it might do some good?

Sarah McCarthy-Fry: I am grateful for the comments of the Opposition Front-Bench spokesmen, who said that they thought that the Bill was a good measure. By my reading of *Hansard*, the idea was that we would find a mechanism to bring carers of working age into the scheme—and we believe that we have done so.

I was asked how much the amendments will cost. We estimate that they will make an additional 305,000 people eligible for the saving gateway, which will cost about £4 million in 2012-13, falling to about £1 million in a steady state. That will not affect our overall estimates of the numbers eligible for the scheme or its costs. We have always said that we expect about 8 million people to be eligible for the saving gateway; previously, our exact estimate was £7.7 million, which the amendments will increase to £8 million. The change will not impact on the cost estimates of the scheme, which have been rounded to the nearest £10 million. Those therefore remain at £130 million in 2012-13, £110 million in 2013-14, £100 million in 2014-15 and £60 million in steady state.

I hope that we can all agree that we have found a mechanism to bring carers of working age into the scheme, and I also hope that all will welcome that.

Lords amendment 1 agreed to, with Commons privileges waived.

Lords amendment 2 agreed to, with Commons privileges waived.

Clause 4

Requirements relating to accounts

Sarah McCarthy-Fry: I beg to move, That this House agrees with Lords amendment 3.

Mr. Deputy Speaker: With this it will be convenient to consider Lords amendments 4 to 8.

Sarah McCarthy-Fry: The amendments achieve three separate things, which I shall set out in turn. First, Lords amendments 3, 4 and 5 relate to the maturity period of the saving gateway accounts—in other words, how long each account will last. As hon. Members will know, we intend to set the maturity period at two years or 24 months. These amendments would prevent regulations from setting a maturity period of less than 12 months. It was suggested in the other place that a maturity period of less than a year would not encourage saving, as it would not be long enough for saving gateway account holders to develop a strong savings habit.

Mr. Hoban: Given that the regulations are intended to have a maturity period of two years, why are the Government tabling amendments in the Lords to restrict that maturity period to 12 months? Why not have the primary and secondary legislation instead?

Sarah McCarthy-Fry: We cannot foresee a period in which a maturity period of less than 12 months would be desirable, which is why we are setting the bar at 12 months. That does not prevent the period from being longer. As I said, we envisage setting the maturity period at two years, but the regulations put the minimum bar at 12 months because we believe a lesser period is not sufficient to encourage the saving habit.

Lords amendment 6 is intended to correct a minor error in drafting. The Bill provides that the Northern Ireland social security commissioner will hear certain saving gateway appeals on non-tax matters in Northern Ireland. Clause 25(7)(b) originally provided that a tribunal of three or more commissioners would fall within the Bill's definition of a Northern Ireland social security commissioner. That would be unnecessarily restrictive in comparison with the position for appeals on comparable matters such as the child trust fund, where only two such commissioners are sufficient. The amendment would mean that only two were required, which would make the provision consistent with the relevant Northern Ireland social security legislation.

Finally, Lords amendment 8 would increase parliamentary scrutiny of the use of the regulation-making powers provided by the Bill. As hon. Members may know, most of the delegated powers will be subject to the affirmative procedure on their first use, and the

[Sarah McCarthy-Fry]

negative procedure on subsequent uses. As the Bill stands, there are four exceptions in which every use of the power will be subject to the affirmative procedure: the three delegated powers relating to eligibility for the saving gateway, and the power for regulations to set the match rate. As those delegated powers relate to central features of the gateway, it is right for any changes to be subject to full parliamentary scrutiny.

7.30 pm

The hon. Members for Fareham (Mr. Hoban) and for Taunton (Mr. Browne), along with some in another place, have suggested that parliamentary scrutiny of the delegated powers in the Bill should be strengthened further, and the Bill responds to that. It will make three more regulation-making powers subject to the affirmative order on each use rather than just on the first use: the powers to set the monthly deposit limit, the maturity period, and the number of accounts that people can hold either at the same time or during their lifetimes. As changes in those areas could significantly affect the cost of the saving gateway, we agree that the affirmative procedure is appropriate.

I hope that Members will welcome the increased parliamentary scrutiny of the powers in the Bill, and, indeed, all the amendments.

Mr. Hoban: I still do not quite understand why the Government have decided to specify in the Bill that the maturity period should be no less than 12 months, given that their intention from the outset has been for it to be two years and the Minister has confirmed that the regulation will provide for it to be two years. It will just add to the confusion if one period is specified in primary legislation and a different period is specified in secondary legislation.

As was pointed out in Committee, one reason the maturity period is important is that it establishes a time during which someone with a saving gateway account will develop a saving culture. It was argued then that a reasonable period of maturity would give people time to develop the practice of putting money aside regularly. During the public evidence sessions that preceded detailed scrutiny of the Bill, Teresa Perchard of Citizens Advice supported a two-year period, and the Economic Secretary agreed when he was leading on the issue. We tabled an amendment to that effect in Committee, but, while accepting the strength of our argument, the then Minister was not very keen for any particular period to be specified in the Bill.

It is perplexing that the Government have decided to specify a period, and that it is not the period that they want to be specified in secondary legislation. They seem willing to move some way in recognising the Opposition's view, but not willing enough to go further, have the courage of their convictions and specify in the Bill what they believe to be the right period in the context of secondary legislation. I hope that, when she winds up this relatively short debate, the Minister will explain why she considers it appropriate for two different periods to be specified.

As for Lords amendment 8, we are pleased that the Government have accepted the proposals that we made in Committee. We wanted further use of the regulation-making power to be subject to the affirmative rather than the negative procedure in three areas because of the impact on costs. We felt that changes relating to entitlement and maturity payments needed proper parliamentary scrutiny rather than being rushed through without proper debate in the House. I feel that it is important to protect taxpayers in that regard.

In the House of Lords, my noble Friend Lady Noakes tabled amendments to extend the affirmative resolution to powers to set the monthly deposit limit, to set the maturity period, and to set the number of accounts that people could hold. They affect the cost of the scheme, and we are pleased that the Government eventually succumbed to pressure in the other place to reflect those changes. The Government are very keen to talk about democratic renewal and the role of the House of Commons, yet it appears that the only amendments they are prepared to accept are those made in the other place. If the Government are genuine in wanting to embrace the views and reflect the opinions of this House, they should accept more amendments tabled in this place when they are tabled, rather than waiting for pressure from the other place to get them to change their mind.

Mr. Jeremy Browne: At the risk of sounding somewhat graceless, I, too, wish the Government had gone a little bit further and had done this with a little less reluctance, but having said that, I am pleased that the amendments are in place and that this degree of progress has been made.

The Bill itself says very little. Anybody who picks up a copy from the Vote Office will not necessarily be very well informed about the nature of the scheme. There are 29 delegated powers in a Bill that has only 32 clauses. I will not give an exhaustive list as I did that in Committee, but the Government are, for example, able to do the following: change the rules governing the issuance of a notice of eligibility; change the rules governing the approved institutional criteria used by HMRC; limit the size of monthly deposits; decide the level of the maturity payment; and impose requirements relating to statements. There is a whole list of criteria that the House is being asked to nod through and to allow the Government to make those changes as they see fit at a later date. The fact is that those changes are substantial to the scheme. We do not have the ability we might wish to influence the details, as they are left out of the Bill.

Having said that, some progress is clearly better than no progress. Lords amendment 8 asserts the use of the affirmative procedure to decide the maturity period, the definition of an eligible person, and the requirements for opening an account. That is definitely going in the right direction, because without proper discussion of such details in the House we would be asked to approve a shell of a proposal with very little meat inside it.

It is, however, a shame that we are not being asked to vote for a Bill that has specific measures such as the 50p rate, the two-year maturity period and the £25 a month deposit limit. That is not treating the House as it should be treated. I am enthusiastic about the amendments as they are preferable to what existed before, but the Government could have gone further still.

Sarah McCarthy-Fry: I welcome the fact that the Front-Bench spokesmen of both main Opposition parties appear to welcome the amendments, and I hope they will support them. I think that the only point I need to

come back to is the reason the maturity period in the Bill is not less than 12 months and the rest is in regulations. As I have said, we believe that less than 12 months would not represent saving, and that is why we are stating that minimum in the Bill. We want to leave flexibility for regulations to set the minimum period. Leaving that in secondary legislation provides the flexibility to alter that feature of the accounts if, for example, the experience of operating the national scheme suggested a different account length would better achieve the aims of the saving gateway. That is why we want to put that in regulations. Under Lords amendment 8, the maturity period would be subject to the affirmative procedure and to parliamentary scrutiny in this House.

Lords amendment 3 agreed to.

Lords amendments 4, 5 and 6 agreed to.

Before Clause 26

REVIEW AND REPORT TO PARLIAMENT

Sarah McCarthy-Fry: I beg to move, That this House agrees with Lords amendment 7.

At various stages during the passage of the Bill, hon. Members and noble Lords made a case for a review of the saving gateway to be carried out in due course after the launch of the accounts. I know that the hon. Member for Fareham (Mr. Hoban) and the hon. Member for Taunton (Mr. Browne) spoke on this matter on Report.

In response, Ministers in both Houses made clear the importance that they attach to a future review as a way of assessing the success of the saving gateway against the objectives that we have set for it. This amendment would impose a statutory requirement on Her Majesty's Revenue and Customs to commission an independent review of the effect of the saving gateway. It would also set the time scale for the review and its publication, and specify that certain matters will be considered within it. The results and conclusions of the review would be set out in a report that had to be laid before Parliament.

As hon. Members may be aware, independent evaluations of two saving gateway pilots were carried out by the Personal Finance Research Centre at Bristol university, the Institute for Fiscal Studies and Ipsos MORI, and we envisage following a similar model for this review. It will consider the effect of the scheme against the objectives that we have set for it: to kick-start a saving habit among working age people on lower incomes; and to promote engagement with mainstream financial services. Therefore, the matters addressed in subsections 1(a) to (d) of the proposed new clause directly relate to the development of a saving habit among account holders, account holders' engagement with mainstream financial services and barriers to the opening of saving gateway accounts. In addition, subsection 1(e) would allow for other relevant matters to be considered as part of the review. I commend this amendment to the House.

Mr. Hoban: As the Minister has said, we have been calling for a review of the scheme's effectiveness both in this place and in the other place. Let us be clear why such a review is important. We have supported this measure because we believe it is vital to encourage savings and to develop a savings culture among people on lower incomes in this country, and this scheme is aimed at improving that culture. It is, in many respects, a relatively generous scheme—it has a 50p matching rate—and we want to ensure that the taxpayers' money that is being used to support the scheme is being spent wisely and effectively, and that taxpayers get a return from this scheme through the encouragement of a high level of savings among people on low incomes.

The Bill was deficient when it first came before us because it did not contain a statutory requirement to conduct a review, and attempts were made both in this place and in the other place to amend that. To an extent, we welcome this amendment, but it contains gaps, two of which, in particular, were demonstrated in the amendment tabled in the other place by my noble Friend Baroness Noakes—I shall return to those in a moment.

I am concerned that the report will be laid before this House only within seven years of

"the coming into force of section 6."

During the intervening period a significant amount of taxpayers' money will be spent supporting this scheme. I hope that the Government see the seven-year period not as a time scale within which the report will be brought before this House; I hope that they do not wait until the seventh anniversary and then report. The sooner we know how effective the scheme is, the better it will be. We will then be able to consider whether it is a good use of taxpayers' money or whether changes need to be made to the matching payment, the maturity period or the range of eligibility to make it more effective in encouraging the savings culture.

The first of the two areas omitted from the Government's amendment but addressed in that of my noble Friend relates to take-up. The Government amendment talks about the effect of saving gateway accounts on attitudes to saving, the behavioural impact of the accounts, the involvement of people who use them with the institutions offering the financial services and the barriers to opening the accounts, but it does not mention take-up, whether the take-up rate is adequate and whether that rate should be improved. I understand that an annual report will be made on the number of people who open these accounts, in line with similar statistics produced on the child trust fund, but it would be helpful to have an independent review of the level of take-up and of whether that rate is sufficient to justify the existence of the saving gateway account. The Minister will point out that subsection (e) of the new clause includes the opportunity to add other areas to the review and I hope that she will confirm that she will ensure—should she be in a position to do so in seven years' time—that the take-up rate would be included.

The second area omitted is financial education. A series of pilots took place as part of the long evaluation of this idea, and they suggested that account opening should happen in conjunction with financial education. We are talking about a group of people who do not necessarily have bank accounts, and they may be sceptical about, or uncomfortable with, dealing with financial institutions. Support may be needed for people opening these accounts.

If we are to encourage a savings culture, we need to provide incentives to save and accounts that people are happy to save in, and we must provide financial education in parallel with that, to persuade people of the long-term

[Mr. Hoban]

benefits of saving. I am disappointed that the Government have not taken the opportunity to include explicit reference to monitoring the financial education that is provided alongside the opening of the accounts. Perhaps the Minister can say whether financial education will be covered in the independent review and should be taken up under subsection (e).

We have called for independent reviews of the system, so we will not oppose the amendment, but the Government could have thought more broadly about what the independent review will cover and have been more timely about when it will be laid before Parliament.

Mr. Jeremy Browne: My party, for the reasons that have just been outlined by the hon. Member for Fareham (Mr. Hoban), supports this Bill, partly because it encourages self-reliance in people on very low incomes. It will encourage them to save in a way that gives them a greater stake in society and to interact with financial constitutions in a way that, in many cases, they do not feel able to do. Both of those objectives are laudable, and that is why we support the legislation.

Even though there have been pilot studies, we have had to made educated guesses about how the system will work in practice. We cannot be certain, for example, that the 50p matching rate will not be excessive and, therefore, place too great a burden on the taxpayer in achieving the scheme's objective. On the other hand, it might not be a sufficient inducement for people who will be encouraged to take it up. We do not know whether the two-year period will be successful. We do not know whether the maximum contribution is set at an appropriate level—too high or too low. We cannot be certain about the cost or the penetration of the scheme—the two are linked. We may wish to increase the inducements, because the people whom the scheme is meant to attract are not sufficiently attracted on the existing terms. Or it may be that the costs prove to be prohibitive and the Government wish to scale back the scheme in the future.

It is important that the Minister makes a commitment that when this review comes to this House, it will be debated, not just noted. More importantly, the seven-year period is excessive. We will have at least two general elections between now and then. I do not mean to be unkind, but the Minister's predecessor was in office for nine days, so while it is possible that she will be in post in seven years' time, it is not unreasonable to expect some ministerial changes in the Treasury in that time. More importantly, we will have had more than enough time to review the issues that I have raised and for a reasonable opinion to be formed about the workability or otherwise of the legislation. Like the hon. Member for Fareham (Mr. Hoban), I would encourage the Government to think about the lifetime of a Parliament as being a reasonable scale. Four years would be an appropriate amount of time to make a reasonable assessment, would fit into a natural political cycle and would also be sufficient to gauge the success or otherwise of the scheme.

As I have made the case previously for such a measure, like the hon. Member for Fareham we will not oppose the measure before us although it is not precisely that which we would have introduced had it been left in our hands. On that basis, and with those caveats, we are happy to support Lords amendment 7.

Sarah McCarthy-Fry: I welcome the support from both hon. Gentlemen for the amendment. Let me pick up on a couple of the points that were made. Both hon. Gentlemen made a point about the seven years. We must take into account the fact that any review of the effect of the saving gateways accounts will have to consider account holders' attitudes and behaviour during the two years that the account will last and for a reasonable period afterwards. It would also be desirable for the research sample of participants to include both those people who opened their saving gateway account when the scheme was launched and those who opened theirs later, once the scheme was up and running.

We also have to bear in mind that within that seven year period, the researchers must have appropriate time to prepare their conclusions and findings and HMRC and HM Treasury must have time to consider those findings carefully and to prepare a report. We must remember that that is the latest time at which a report can be published, not the earliest. If there are benefits to conducting and publishing the review earlier, the new clause provides sufficient flexibility for that to happen.

The hon. Member for Fareham (Mr. Hoban) asked about take-up. My noble Friend Lord Myners announced in the other place that HMRC would be publishing data on the saving gateway at least annually. That will include data on the number of notices of eligibility issued by HMRC and the number of accounts opened, so take-up rates will be clear. The independent review can also consider that in the context of barriers to the opening of accounts under subsection (1)(d) of the new clause.

Finally, on financial education, the advice, information and education available to people who are seeking to open an account or whose account is nearing maturity can also be considered by the review when it considers barriers to the opening of accounts and the effects of the scheme on participants' saving behaviour and their involvement with financial institutions. If a more detailed focus on advice and information on the saving gateway is considered appropriate, the new clause has the flexibility to allow that as part of the review. I hope that we will be able to agree to Lords amendment 7.

Lords amendment 7 agreed to.

Lords amendment 8 agreed to.

Speaker's Statement

7.52 pm

Mr. Speaker: Before I call the Minister to make his statement, I regret that this House is the last to hear it. That said, if the statement had been made earlier it would have further constrained the time given to the main business of today. I hope that such circumstances are not repeated in the case of other Departments. In answer to points of order made earlier today, I acknowledge that a written ministerial statement was made today at 7 am, before the Secretary of State's interview was broadcast.

National Express East Coast Franchise

7.53 pm

The Minister of State, Department for Transport (Mr. Sadiq Khan): With permission, Mr. Speaker, I wish to repeat a statement made a little earlier by my noble Friend the Secretary of State for Transport about the National Express east coast franchise.

"I will make a statement about rail services on the east coast main line. The House will understand that, because of the imperative for the Government to respond immediately to the trading statement made by National Express when the markets opened this morning, it was also essential for me to make a written ministerial statement earlier.

For some months now, National Express has been seeking to renegotiate the terms of the franchise agreement to operate services on the east coast main line between London, west Yorkshire, the north-east and Scotland that it signed in 2007. My position has been consistently clear—that the Government do not renegotiate rail franchises. That remains the position today.

This morning, National Express Group announced that it will not provide the further financial support necessary to ensure that its subsidiary, National Express East Coast, remains solvent. As a consequence, National Express East Coast is no longer able to continue operations to the full term of its franchise, and expects to become insolvent later this year.

The decision of National Express to break the contract is regrettable and disappointing. All other rail companies are fulfilling their contracts, despite the economic downturn. It is simply unacceptable to reap the benefits of contracts when times are good only to walk away from them when times become more challenging.

My first and overriding obligation in this situation is to ensure continuity of service to passengers, with no disruption or diminution of service standards. When the Government have had to step in to protect rail services in the past, there has been no such impact on passengers.

I have therefore established a publicly owned company that will take over this franchise from the point at which National Express East Coast ceases to operate. We will agree an orderly handover with National Express. Until that date, National Express will operate services on the current basis; after that date, the new public company will do so. There will be no interruption of services. Existing operational staff—who continue to provide a good service—will transfer to the new East Coast Main Line Company, and so will the assets necessary for the continuation of the service. I can assure the travelling public that services will continue without disruption and that all tickets will be honoured. I have today appointed Elaine Holt, until recently managing director of First Capital Connect, a major train operating company, as chief executive designate of the new East Coast Main Line Company.

The failure of National Express East Coast obviously entails the loss of some future premium payments to which the company was contractually committed. However, while the franchise is under public control, the Government will receive the full revenues of a business that continues to make an operating profit. We will also gain the

[Mr. Sadiq Khan]

benefit of any premium payments from the new franchise once it is re-let. This represents a far better deal for the taxpayer than the only alternative course of action, which was to renegotiate the franchise in an exclusive manner with National Express, with no recourse to what is a highly competitive market for rail franchises. The cost of re-letting the franchise will be met from the performance bond of £32 million, to which the company is contractually bound in the event of termination.

National Express also operates rail services on the East Anglia main line and associated commuter routes. The company has said that it does not intend to default on its obligations in respect of these franchises. Notwithstanding this, the Government believe that we may have grounds to terminate these franchises, and we are exploring all options in the light of the group's statement this morning. In the meantime, we expect National Express to meet its obligations on these franchises in full.

The Department's procurement procedures test a company's track record and its ability to deliver a franchise and to demonstrate value for money in doing so. It would clearly be reasonable not to invite a company to bid for future franchises in circumstances where it had recently failed to deliver on a previous franchise. A company that had defaulted in the way that National Express now intends would not have pre-qualified for any previous franchises let by the Department. I note that the parent groups of previous franchise failures are no longer in the UK rail business.

It is the Government's intention to tender for a new east coast franchise operator from the end of 2010. The specification of the new franchise will reflect my concern to secure better passenger services and facilities. In particular, I will be seeking to secure significant further improvements to service quality, including to station security, bike and car parking facilities at stations, bus interchange facilities and train catering. This will ensure a step change improvement for passengers from a new east coast franchise. I intend to consult fully on the new franchise specification, including with passenger groups, parliamentarians and the Scottish Executive.

I have explained the action that I have taken to ensure that passengers are not affected by the decision of the National Express Group, and have explained the consequences for that group of its decision. Let me also put the events in a wider context. No other train operator has defaulted on its franchise or indicated to us any intention to do so. Nor has any other company sought to renegotiate its franchise. Today's events do not represent the failure of the system, but the failure of one company. The rail franchising system was examined by the National Audit Office last year, and was found to deliver good value for money. The NAO also concluded:

"The Department's arrangements for identifying and managing risks, including handling the failure of a train operator, are well planned and follow good practice."

It is that good practice that we are following in today's announcement, and I would welcome a further examination by the National Audit Office once the franchise is re-let.

Rail services at large are steadily improving. Passenger numbers are at their highest levels since the 1940s, punctuality is more than 90 per cent. and overall passenger satisfaction is rising, as was shown in the latest independent national passenger survey, published yesterday. Moreover, the revenue from rail franchises is enabling us to make record investment in upgrading the network and services on it. We saw that as recently as last month, in the award of the new south central franchise for services on lines through south London, Surrey and Sussex. That process was conducted during the recession, yet it yielded a winning franchise bidder—the existing operator—that is committed to paying a premium of £534 million to the taxpayer over nearly six years. That will be in place of the previous contract, under which the operator was subsidised by the taxpayer. That bodes well for future franchise awards, including for services on the east coast main line."

Mrs. Theresa Villiers (Chipping Barnet) (Con): Twelve hours after the stock exchange, 11 and a half hours after "Today" programme listeners, and some four hours after the House of Lords, we finally get to hear the news officially. What we have heard is evidence of the incompetence and failure that has characterised the Government's handling of the rail franchising system. Two franchises have collapsed in the space of two and a half years on one of the nation's most important transport corridors, on which millions of people and businesses rely, both in England and Scotland. To borrow a well-known phrase, to lose one east coast franchise might be said to be unfortunate; to lose two looks like carelessness.

The Secretary of State told their lordships that he hoped that the next franchise would be better than the last. Clearly, for Labour, it is third time lucky, or so it hopes. On the "Today" programme, the Secretary of State seemed to be saying that National Express East Coast was already in default of its contracts, yet that allegation was not repeated in the written statement, or the statement from the Minister today. Does the Minister stand by the statement made by his boss this morning?

The Secretary of State has claimed that the "Nat Ex" holding company is not prepared to "stand by" its loss-making subsidiary. Does the Minister regret that his Government signed up to a deal that caps the liability of the holding company, and apparently entitles it just to walk away when the going gets tough? Does he accept that the incredibly detailed—even invasive, some would say—due diligence process that the Department for Transport carries out in relation to the credibility of franchise bids and bidders has wholly failed in this case? How much will re-letting the franchise cost? How much did the original franchise process cost? What assessment has the Minister made of alternative solutions to direct Government control, such as getting another operator to run the line under a management contract? How much will the fiasco cost the taxpayer in total? Will the money come out of the control period 4 funding settlement? If not, which part of the DFT budget will be raided to cover it? National Express East Coast was due to pay £1.4 billion over the lifetime of the franchise to help fund CP4. What will be the shortfall on that income? How will the Minister plug the resulting black hole in the funding for CP4?

Can the Minister tell us whether he expects the Government to be able to exercise the cross-default clauses, either immediately or in the future, and will he guarantee that in that event, the Government will not let services be disrupted? How can the Secretary of State possibly say with credibility today that 15 out of the country's 16 franchises are completely fine, and that

it is just a "Nat Ex" problem, when everyone knows that there is a red-light list of other franchises? Will the Minister come clean and tell us which franchises are on it?

In conclusion, this debacle shows that Labour learned nothing from the collapse of the Great North Eastern Railway franchise. It has continued to press train operators to make wildly over-optimistic bids. It has wholly failed to get a grip on rising costs in the rail industry and in Network Rail. It has tried to plug the gap by squeezing passengers for higher and higher fares. It cut a deal that capped the liability of holding companies and allows them to walk away from their subsidiaries with impunity. They cannot wash their hands of the problem by saying that "Nat Ex" got its numbers wrong. The extensive risk assessment by the Department for Transport of the business case underlying the franchise bid has wholly failed, and as a result we have had yet another accidental renationalisation by Labour to add to the lengthening list that began with Network Rail. It is yet another blow to the public finances, and yet another bill for Labour failure has landed with the long-suffering taxpayers, who have already received such punishment at the hands of this increasingly incompetent Government.

Mr. Khan: I had hoped to have the opportunity to become friends with the Opposition spokesperson before showing the disrespect in which I hold her comments, which lack vigour and do not reflect the facts. I heard Dermot Murnaghan say on "Sky" that he struggled to understand her arguments, and I know exactly what he means. She is the spokesperson for a party that privatised the railways, that led us to Railtrack—*[Interruption.]*

Mr. Speaker: Order. Mr. Jackson, we have heard your comments—we have heard perhaps too many of them—and a period of quiet would be helpful.

Mr. Khan: That led us to the mess that was Railtrack, but the hon. Lady has the audacity to tell us that the private sector is naive, and has been hoodwinked by civil servants to bid higher than it should for a contract to run the east coast main line. The idea that the chief executive who resigned today from National Express and Brian Souter from Stagecoach are patsies who have been hoodwinked by the Department for Transport to overbid for a contract beggars belief, as does making knee-jerk policy on "Sky News", rather than looking at the facts.

I have talked about vigour. Anybody who has taken the time to read the National Audit Office report—not simply the research prepared by a researcher—entitled "Letting Rail Franchises 2005-2007", will see that it says of the approach to running rail franchises:

"The Department's arrangements for identifying and managing risks, including handling the failure of a train operator, are well planned and follow good practice."

Let us look further. *[Interruption.]* The hon. Member for Wimbledon (Stephen Hammond) chunters from a sedentary position, and says, "You've had plenty of practice." Forty-one franchises have been given out—two have failed, or 4.97 per cent. When I want the hon. Gentleman's advice, I will ask him for it. The NAO, which is the expert, rather than people who go for a cheap soundbite on "Sky News", says of value-for-money assessment:

"The Department's approach to rail franchising produces generally well thought through service specifications and generates keen bidding competition."

I would have hoped, on a day on which a private company making lots of profits seeks to walk away from a franchise, and seeks to walk away from passengers who will receive a less good service unless we step in, that the Opposition party would join us, and stand side by side with us, and say to that private company, "This is not good enough. We need a holding company to protect the public and make sure that we have a calm period to reflect on the failures that have occurred, so that when the contract is retendered we have the best possible arrangements not only for passengers but for taxpayers."

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): It is regrettable and unacceptable that the House is indeed the last place to be able to question a major decision. I am pleased, however, about the decision that has been made, and I am pleased that the Secretary of State has adhered to the commitment that he gave the Select Committee on Transport that he would not renegotiate a failed franchise. Will my right hon. Friend assure me that this is indeed a time of change, in which standards for passengers will increase, and in which a private company cannot benefit from the profits of its successor while, at the same time, the public purse picks up the tab for its failure? Can we have a public sector operator to act as a comparator with the private sector franchise operators?

Mr. Khan: I thank my hon. Friend for her comments. I am pleased that members of the Select Committee are able to be present to contribute to this important statement.

May I explain to my hon. Friend one of the reasons that the option suggested by Opposition that another operating company should take over in the interim is such a bad idea? It would cost us £12 million to start with, it would be a huge advantage to that company when it comes to applying for the contract later on, and the company would have to be incentivised to make the arrangement work. The Government's course of action provides the best value for the taxpayer.

My hon. Friend raises an important point about the role of the holding company and who is best placed to run the franchise. I hope that, after a period of reflection, she will speak to the Secretary of State, to me and to others in order to put forward her views. We will speak to parliamentarians, passenger groups, other stakeholder groups and the Scottish Executive, and make sure that we have time for reflection so that we can get the best deal possible.

Norman Baker (Lewes) (LD): I mean no disrespect to the Transport Secretary, the Minister of State or you, Mr. Speaker, but it is not satisfactory that we are having the statement seven and a half hours after we would have had it, had the Secretary of State been a Member of this House, rather than of the House of Lords. We need to find a way of having Secretaries of State from the Lords in the Chamber to make statements. If that is not possible, the Minister of State should be able to make statements ahead of the Secretary of State, at the normal time.

In respect of the action taken today, first, it was the right decision not to give in to pressure from National Express for further handouts from the public purse. Had the Secretary of State done so, there would have

[Norman Baker]

been a queue of train operating companies at his door wanting contracts renegotiated and wanting further handouts from the public. He had no option but to take the position that he did. However, there will be a cost—£1.4 billion was the premium that was to be paid. There will now be a loss of that premium payment, although a profit will be made from the operation in the private sector. However, there will be a gap. Can the Minister tell us what the gap will be between what National Express would have paid and what will now be recouped from the public purse?

Secondly, does the Minister agree that if National Express finally defaults, as now looks extremely likely although it has not defaulted yet, that will call into question its competence and commitment as an operator? Under those circumstances, would it not be right for the two other franchises that it holds to be removed from it? After all, why should National Express keep the franchises that it deems to be in its interest and lose the one that it wants to hand back to the public?

The matter has been under discussion for some time in the Department for Transport. The Department ought to have reached a view on whether it is legal for the two other franchises to be taken back by the Department, or whether they are deemed to be separate entities under the National Express heading. Can the Minister tell us what that legal advice is and whether it is possible, should the Secretary of State wish to do so, for the companies to be taken back into the public sector, or has that not yet been decided? If the Department ends up with all three franchises, can the Minister assure the House that it has enough qualified management to hand to run all three competently?

Lastly, I turn to the position that the Government have set out with the intention of re-letting the franchise from the end of 2010. I am delighted by the comments of the Chair of the Transport Committee. Instead of retaining the franchise temporarily before re-letting it, what consideration has the Minister given to retaining it for a much longer period as a public interest comparator driven by passenger-oriented targets, instead of the pure financial considerations of the Treasury? Would not such an approach provide a passenger-friendly benchmark that would drive up performance in the other franchise areas? Will he consider that proposal?

Mr. Khan: I thank the hon. Gentleman for his questions and for looking at the facts before asking them. Much as I am tempted to do so, I will not indulge in discussion of constitutional matters and where is the right place to make a statement and at what time. His comments about us not caving in to the private sector are welcome, and I appreciate his support.

The hon. Gentleman asked a number of important questions. On cost, we can recover some of the cost from the performance bond worth £32 million. We will be entitled to the premium until National Express walks away, which is its intention, as set out to the stock market today. Other premiums will become available once the contract is re-let. The revenues that we receive will depend on numbers of passengers who use the rail service, the class of passenger and the amount of fare that they pay, so I cannot give specifics, for reasons that the hon. Gentleman will understand.

The hon. Gentleman raised an important question about what we call cross-default—that is, the ability of the Government to take back dirty contracts that the parent company has in subsidiary holding companies. We are exploring all our options, but he will understand if I do not disclose privileged legal advice on the Floor of the House. I appreciate—I have read the quotation—that, if one wants a secret kept a secret, one should announce it on the Floor of the House, but he will appreciate that representatives of people whom we may sue may be watching the proceedings or may read *Hansard*. What I can say is that we will explore our options. We have tried to ensure that we preserve taxpayers' interests and passengers' interests. That means exploring all the options that are available to us.

The hon. Gentleman asked about our ability and the holding company's competence, and that is a really important question. We have an excellent designated chief executive taking over, and we have an excellent team that we think will be able to take over the running of the contract as and when National Express decides to walk away.

On the question whether we want to keep the service in Government hands through a holding company or a permanent holding company, or to tender for a new franchise, let us be clear: one reason we are able to invest record sums in our railway service is the revenues that the franchises bring in and the premiums that they pay; one reason we are able to do the work on High Speed 2, which will lead to a high-speed link from the south to the north, is the system that we have in place; and one reason we are able to electrify lines as fast as we possibly can is the investment that we receive from that structure.

There are two ways of securing revenue in the rail sector, and the hon. Gentleman knows about them: one is via fare payers, and the other is via taxpayers. We are trying to ensure that we maximise as much inward investment in the rail sector as we can.

Several hon. Members *rose—*

Mr. Speaker: Order. Twenty three hon. and right hon. Members are seeking to catch my eye, and I am keen to accommodate as many of them as possible, so I am looking to each Back Bencher to ask one brief supplementary question and to the Minister, of course, to offer the House an economical reply.

John McDonnell (Hayes and Harlington) (Lab): This is the second time that the franchise has failed in less than three years in private hands. When we had the same failure with Connex, we brought it into public ownership, it ran for two years as South West Trains, it was the most successful sector of the railway network and it gave us the public sector comparator. Why cannot we keep the franchise in public ownership? Or, why cannot we at least allow the public sector to bid when the tender goes out again?

Mr. Khan: I have no problems with anybody bidding for the contract when it comes up for tender. The Connex example that my hon. Friend gave is now doing really well. He will have seen the new Javelin train, which displays remarkable speed and reflects remarkable ingenuity on the part of Govia, the company that is running it.

Mr. John Redwood (Wokingham) (Con): How much money will be put in to the new company as share capital and how much money as working capital?

Mr. Khan: If the right hon. Gentleman means the holding company, I should say that the intention is for the holding company to take over the day-to-day running of the line until we are able to tender the contract, which we think will be in late 2010.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): The decision to re-let the franchise will inevitably lead to a lot of uncertainty for the passengers and staff of National Express. Would it not be much better if we decided either to keep the franchise in public ownership or to have it operated by a not-for-profit mutual, so that the customers' interest came first, not the interest of shareholders?

Mr. Khan: As a number of Members from all parts of the House have said, this is not the first time that a franchise has failed. On both previous occasions, we provided stability to passengers and staff. We have confirmed that operational staff will be transferred to the holding company and that passengers will not suffer. No one will suffer in terms of tickets or the timetable.

Mr. John Gummer (Suffolk, Coastal) (Con): The Minister must be aware that my constituents are served by one of the other franchises that National Express owns, and his announcement causes a good deal of concern, therefore, because he has not given any indication of the time that it will take him to make up his mind. Will he please do so as quickly as possible? My constituents have suffered under a nationalised system before; they get a much better service now; and they want to make sure that they keep it.

Mr. Khan: I undertake to make sure that I keep all Members with an interest informed of developments in relation to exploring all our options. I appreciate the right hon. Gentleman's concerns about the rail service to which he refers, and that is why we will keep all Members updated either via the Floor of the House—this House—or via correspondence. I shall make sure that I do that.

Hugh Bayley (City of York) (Lab): I thank the Minister for calling me this morning to update me. There is great concern in York, not only because the headquarters of the company and hundreds of jobs are based there, but because the line is so strategically important to Yorkshire and, indeed, to the whole east of England and Scotland. Given that this is the second franchise to go belly up in three years, will the Minister use the time in which a public company is running the service to pause for thought and consider whether franchising—the poisoned chalice that we inherited from the Conservatives—is an appropriate way to determine the management of a service that is so strategically and economically important?

Mr. Khan: The consultations that my noble Friend the Secretary of State and I will carry out in the coming period will be interesting. The headquarters to which my hon. Friend referred are in York. I can reassure him that when the holding company takes over the running of the contract later on this year, the headquarters will stay in York.

Adam Afriyie (Windsor) (Con): The Minister complains that a private company has walked away, in the interests of its shareholders, from a contract with the Government. Given that the Government wrote the contract and capped the liability on the private company's holding company, does the Minister accept that they have any responsibility for this mess up?

Mr. Khan: I direct the hon. Gentleman to the report by the National Audit Office, whose views he may respect far more than he does mine. If he takes the time to read it, he will be looking into the capital arrangements, when the taxpayer subsidises a rail company and when a train operating company pays the taxpayer back.

John Battle (Leeds, West) (Lab): I thank the Minister for his statement and welcome the Government's action. My city of Leeds is highly dependent on a link with London, not least because it is this country's second financial and commercial centre. We have taken a hit from the banking crisis, and without that link to London our city would find it difficult to recover. Will the Minister assure us that there will be no reduction in services, and that in the short term there could also be a review of high prices, to ensure that people have a chance to use the line?

Mr. Khan: I shall try to respond to those three points in one sentence. There will be no reduction or change in services; we are talking about a prestige line, and that is one of the reasons we are investing in high-speed links—not only to Manchester, but to Leeds, the west midlands and Scotland.

Malcolm Bruce (Gordon) (LD): Passengers from Aberdeen will very much regret this second debacle, and they always regretted the loss of GNER anyway. What can the Minister do in this interim time to ensure that we get competitive fares rather than the extra charges that National Express imposed? We need to compete with the airlines, because it is now cheaper to fly than to use the railways.

Mr. Khan: The right hon. Gentleman raises a really important issue. There are two issues, relating to regulated and unregulated fares. He will be aware that the train operating companies have agreed to increase their fares only by RPI plus 1 per cent. The pundits tell us that the RPI should be lower this July, when the figures are taken, so in January we expect regulated fares to reduce. However, we cannot escape the fact that unregulated fares can go up. We advise passengers who go for the cheap airline tickets also to look for cheap train tickets, which can be obtained if they are booked far enough in advance.

Colin Challen (Morley and Rothwell) (Lab): This time around, the public ownership option will not be brushed aside. In the period of calm reflection that we will now have, will the Minister undertake an urgent review of all the other franchises? He has said that none of them is about to default, but can we have a review so that we can understand how healthy they are?

Mr. Khan: I reassure my hon. Friend that we are in regular contact with all the train operating franchises. We know their state of health; part of the franchise

[Mr. Khan]

agreement is that they have to keep us up to date about their position. I reassure my hon. Friend that no other franchise is in a position such as that of National Express.

Miss Anne McIntosh (Vale of York) (Con): This is a sad day for those who work on and use the east coast main line. Does the Minister accept that the model that GNER used for the bid, and National Express repeated, was based on a false premise—the number of premium fares that it was assumed would be paid at a time of credit crunch? Does he also accept that the franchise model will work only if the risk is passed to the private sector and does not remain with the taxpayer?

Mr. Khan: I do not accept that the former chief executive of National Express, who resigned today, and who was previously head of the Strategic Rail Authority, is naive and does not understand how the market works or how to predict the future. He made a bid with open eyes, and was successful; those who were unsuccessful were not far behind the successful bid, either.

Jeremy Corbyn (Islington, North) (Lab): I thank the Minister for his statement, and welcome what the Government have done today. However, surely this proves that only the public sector can be relied on to maintain and run the railway system. Can he therefore give us the good news that the line will not be handed back to the private sector but will remain a publicly owned, publicly run and publicly accountable railway, so that we will not have such debacles in future?

Mr. Khan: I hear what my hon. Friend says, but I do not agree with him. Fifteen of the 16 franchises are doing a good job; more passengers are using our railways than at any time since the 1940s; punctuality is above 92 per cent.; a survey published yesterday shows a high satisfaction rate among customers; and we have more investment in our railways than ever before.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Does the Minister not recognise that the bidding process has produced two defaulting operators on this line? If he looks for the level of premiums that he has had from it in the past he will drive away not only passengers, because of high fares, but future bidders for the franchise.

Mr. Khan: There would be evidence for what the right hon. Gentleman says if the National Audit Office agreed with him, but it does not. As the Secretary of State said earlier, we welcome the NAO's looking at the whole process of franchising once we have re-let it. He can be reassured that the process is not at fault: the company is at fault, and it is the company that is walking away from the contract.

Mr. David Anderson (Blaydon) (Lab): May I suggest to the Minister that the only thing that has happened in the past two years is that costs have gone up and services have gone down? The only people to come out of this with any real respect are the staff, who have tried to hold the service together. Will he ensure that when he talks to people, he asks the staff and their unions what they want to see? They will say that they want public railways in this country, and they will be right.

Mr. Khan: I thank my hon. Friend for what he says about the staff. The railways employ more than 2,000 staff—very good staff who do an invaluable job in ensuring that the trains run well. I can assure him that we will include the staff when we speak to stakeholders to ensure that we get the best deal possible, not only for passengers and taxpayers but for staff.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): National Express got no brownie points at all when it recently introduced a £2.50 each-way seat reservation charge. That discriminates against elderly people who cannot run the risk of standing on the train and families who wish to travel together. Will he prevail on the new interim operating company to reduce this fare rise made by stealth?

Mr. Khan: The hon. Gentleman raises a very good point. That is one of the reasons Labour Members believe in regulating. When we re-tender the contract, we will ensure that such things do not happen, instead of allowing the market to dictate what happens on trains.

Hilary Armstrong (North-West Durham) (Lab): I congratulate my right hon. Friend and our noble Friend the Secretary of State on their statements. Can he reassure us that the new trains that are due for the east coast line are still on track, given the decisions announced today?

Mr. Khan: We will ensure that we keep to the targets we have set and the agreements we have reached. That includes not only the quality of service that passengers receive but investment for the future.

Mr. Bernard Jenkin (North Essex) (Con): Why have the Government effectively served notice on National Express with regard to the East Anglia franchise and told the country, "I note that the parent groups of previous franchise failures are no longer in the UK rail business", when it is obvious that the Government do not have the power to terminate that franchise, and are going to get locked into a legal dispute? Having created maximum uncertainty for passengers on the East Anglia franchise, will the Government be able to deliver the coup de grâce to National Express or will there be a long period of protracted dispute and uncertainty for passengers?

Mr. Khan: We have said both in this House and in the other House that we are going to explore all our options. It is a statement of fact that the two other parent companies—Sea Containers and Connex—no longer run trains in the UK.

Dr. Gavin Strang (Edinburgh, East) (Lab): As an Edinburgh-based regular user of the east coast main line, may I ask my right hon. Friend whether he agrees that it is a great asset, which is why National Express signed up to put in £1.4 billion to operate it for 10 years? We should welcome the Government's intervention, but may I put it to him that the key thing is to sustain this service? Will he do all he can to maintain it and go forward and build on it for the future? We have had a statement today, but we need more statements in future, because we are all concerned not only about the lines that we use regularly—many of us use this line regularly, and we have to maintain the quality of service, frequency and everything else—but the railway network generally.

Mr. Khan: My right hon. Friend, who is clearly an expert in this area, understands and confirms what we all know—that this is a prestige line. That is why there was huge interest in it when it was last up for tender. It is why, as those who read newspapers will know, takeover attempts were reported in the press in relation to the company. I am sure that there will be a lot of interest when the contract comes up for re-tender towards the end of next year. I add that we recently had the experience of the South Central line, in which there was huge interest and for which we got £534 million over a six-year period.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): In the 1,500 square miles of my constituency there is not a single railway station, which makes the one at Berwick-upon-Tweed, in my right hon. Friend's constituency, of great strategic importance to my constituents. Will the Minister give a specific pledge that under Government control and the new contract, services to and from Berwick-upon-Tweed will not be altered unless they are improved?

Mr. Khan: The hon. Gentleman has given one example of the sort of thing that we will consider when the contract next goes to tender. We will see whether we can include such things as a new station. We need to ensure that we take on board the concerns and issues raised by parliamentarians and stakeholders to get the best deal possible for passengers.

Mr. Stewart Jackson (Peterborough) (Con): In view of the comments that have been made throughout the day about the Government's changing attitude to the viability of National Express East Coast, and the position taken on the two other companies, which my hon. Friend the Member for North Essex (Mr. Jenkin) alluded to, what specific legal advice has the Minister or the Secretary of State received on the advisability of proceeding to remove National Express from the other two franchises? What analysis has been made of the financial ramifications of those actions?

Mr. Khan: I am slightly confused, because I have answered that question three times. We are going to explore all the options, legal and otherwise, to ensure that we get the best deal for the taxpayer, for passengers and for staff.

John Mason (Glasgow, East) (SNP): Can the Minister assure us that he will be working closely with Scottish Government Ministers both on the refranchising and on any changes in the interim period?

Mr. Khan: I confirm that we will, and we already are. That is very important.

Greg Mulholland (Leeds, North-West) (LD): I welcome the substance of the announcement, considering that National Express has, frankly, run down the service. However, the way in which it has been made has been chaos tinged with farce, with press release politics, developments being heard on the "Today" programme and later National Express going on the radio to say that this was actually not happening. There has been confusion in Leeds and other areas. May I ask the Minister, first, to say why the GNER-Virgin bid was not accepted at the time, as it seemed a better one? Secondly, will he conduct an urgent review of—

Mr. Speaker: Order. I think one question will do. *[Interruption.]* Order. I gently say to the hon. Gentleman that I implored Members to ask one question, and I think that that will do. The Minister has got the gist.

Mr. Khan: Just in case the hon. Gentleman is in danger of putting out a press release about this, let me make it clear that we got wind that National Express was going to make a report to the stock market—a pre-close statement—today. We liaised with your office, Mr. Speaker, and that of the Lord Speaker, to ensure that we gave due courtesy to both Chambers. Before my noble Friend the Secretary of State did any media—there were no press releases—he issued a written ministerial statement at 7 am, to which you have alluded, Mr. Speaker. To show the House respect and courtesy, I repeated it in my name, also at 7 am. To suggest that we put out press releases is disingenuous, and I hope that on reflection the hon. Gentleman will withdraw that suggestion.

Mr. Stewart Jackson: On a point of order, Mr. Speaker. You made a point earlier, in answer to a question asked by my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith), about the transmission of an interview with Lord Adonis, the Secretary of State for Transport. It was about whether the transcript of that interview showed that commercial information or a policy statement had been given about today's decision by the Government. Have you had a chance to review that transcript, and are you in a position to report back to the House the results of your review?

Mr. Jenkin: Further to that point of order, Mr. Speaker—

Mr. Speaker: Order. With great respect, before the hon. Gentleman makes his point, I say gently to the hon. Member for Peterborough (Mr. Jackson) that I have of course had the opportunity to review the position. I thought that that was perhaps apparent from what I said to the House earlier, and I hoped that I had made the position abundantly clear.

Mr. Jenkin: Further to that point of order, Mr. Speaker. The House is grateful for the statement that you made before the Minister's statement, but it raises a new question. I realise that it is an extremely difficult matter for you to tackle and I greatly appreciate your efforts in that regard. However, if it is now possible for Ministers to issue a written statement to the House at 7 o'clock in the morning, which then allows them to go on the "Today" programme before Members of Parliament—here or in the other place—have had a chance to cross-examine them, we are back to square one. I do not know what the solution is, but I hope that you will consider the matter carefully.

Mr. Speaker: First, I say to the hon. Gentleman that I am not complaining about any extreme difficulty. It does not seem to me to be quite as difficult as he suggests. Secondly, I thought that I had made it clear that there was a response to a commercial situation. Thirdly, it is fair to say to the hon. Gentleman and the House that it is not reasonable to be expected to be drawn into a continuing debate about those matters when one has already made the position clear. The position may not be liked by all hon. Members, but I

[Mr. Speaker]

thought that I had made my intention clear at lunchtime—to go away and consider the situation, which I duly did. I thought that I made the position even clearer by what I said before the Minister made his statement. I hope that, with that, the matter may be laid to rest.

Miss McIntosh: Further to that point of order, Mr. Speaker. I was here at a quarter to 8 this morning, and would have loved to read the written statement. Where could I have found it at that time? As you know, statements often find their way to the Press Gallery before they reach the Library. Normally the House of Commons Library receives statements at 9 o'clock at the earliest. If I wanted to respond to constituents' queries at a quarter to 8, where could I have found the statement?

Mr. Speaker: I am not at all sure that the hon. Lady would have found it easy to do that. That is a reasonable point, into which I will look further. I think that I made it clear that the circumstances that arose today should be either relatively rare or, better still, exceptional. I would not expect such circumstances to repeat themselves on a regular basis. I thought that I had already said that. Nevertheless, in so far as the hon. Lady has legitimately challenged me, I am happy to repeat the point.

Business without Debate

DELEGATED LEGISLATION

Mr. Speaker: With the leave of the House, we shall take motions 6 to 12 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

CONSTITUTIONAL LAW

That the draft Scottish Parliamentary Pensions Act 2009 (Consequential Modifications) Order 2009, which was laid before this House on 3 June, be approved.

BUILDING SOCIETIES

That the draft Amendments to Law (Resolution of Dunfermline Building Society) (No. 2) Order 2009, which was laid before this House on 4 June, be approved.

BANKS AND BANKING

That the draft Dunfermline Building Society Compensation Scheme, Resolution Fund and Third Party Compensation Order 2009, which was laid before this House on 15 June, be approved.

TERMS AND CONDITIONS OF EMPLOYMENT

That the draft National Minimum Wage Regulations 1999 (Amendment) Regulations 2009, which were laid before this House on 9 June, be approved.

DATA PROTECTION

That the draft Data Protection (Processing of Sensitive Personal Data) Order 2009, which was laid before this House on 10 June, be approved.

REHABILITATION OF OFFENDERS

That the draft Rehabilitation of Offenders Act 1974 (Exceptions) (Amendment) (England and Wales) Order 2009, which was laid before this House on 10 June, be approved.

EUROPEAN COMMUNITIES

That the draft European Communities (Definition of Treaties) (Cariforum Economic Partnership Agreement) Order 2009, which was laid before this House on 1 June, be approved.—*(David Wright.)*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, notwithstanding the practice of the House as to intervals between stages of Bills brought in upon Ways and Means Resolutions, more than one stage of the Finance Bill may be taken at any sitting of the House.—*(David Wright.)*

PETITION

Hospital Parking Charges (Cheshire)

8.37 pm

Mr. Mike Hall (Weaver Vale) (Lab): Mid Cheshire Hospitals NHS Foundation Trust has introduced car parking charges at the Victoria infirmary, Northwich. After the first 20 minutes, patients and visitors now have to pay £3 for parking. The Victoria infirmary is the only public facility in Northwich that charges for car parking, and I congratulate Gina Bebbington and the *Northwich Guardian* on their campaign against those charges and on collecting a petition of 7,108 names, calling for car parking charges at the Victoria infirmary, Northwich to be scrapped.

The petition states:

To the House of Commons

The Petition of residents of Northwich, and others,

Declares that the car parking charges of the Mid Cheshire Hospitals NHS Foundation Trust at Victoria Infirmary, Northwich are excessive and represent a charge on people accessing National Health Services.

The Petitioners therefore request that the House of Commons urges the Government to take whatever action possible to require the Mid Cheshire Hospitals NHS Foundation Trust to remove the unfair car parking charges at Victoria Infirmary, Northwich.

And the Petitioners remain, etc.

[P000387]

Bank Lending Policies

Motion made, and Question proposed, That this House do now adjourn.—*(David Wright.)*

8.39 pm

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): May I express my thanks to you, Mr. Speaker, for allowing me to raise the subject of the debate and take the opportunity to congratulate you on your election to your distinguished post?

Many of my constituents will be pleased that I am taking the opportunity to highlight what history will surely judge to be a financial injustice perpetrated by the power of some banks against individual consumers. I have countless examples in my office of constituent cases where banks have imposed unfair charges on customers whose accounts may have been only a few pounds short for a brief period.

Let me briefly sketch the background. The Office of Fair Trading launched its investigation into bank charges in April 2007. It examined the fairness of charging terms for unarranged overdrafts on personal current accounts under the Unfair Terms in Consumer Contracts Regulations 1999. In July 2007, the OFT entered into a written litigation agreement with seven banks, one building society and the Financial Services Authority, with a view to bringing a test case to ensure an orderly and efficient process for the resolution of the legal issues.

At that time, the FSA issued what is known as a waiver. Essentially, the FSA, as the regulator, was waiving the rules that specify time limits for dealing with any complaint about the level, fairness or lawfulness of unauthorised overdraft charges. The managing director of retail markets at the FSA said:

"We have granted the waiver to help facilitate this test case. We believe it is not in the interests of all consumers for complaints to continue to be dealt with in the current inconsistent way".

Before the test case agreement was reached and the waiver was invoked, we were in the scandalous position in 2007 where banks had paid out a staggering £784 million to approximately 378,000 customers. Rather than defend their untenable position in the courts, banks paid out when challenged. We can take it as read that some of the banks would not pay out a single penny if they did not need to.

It is important to establish my credibility on this subject by stating that I am not swimming in a tide of populist hostility towards the banks. As a matter of proof, I have in my possession a letter that I wrote to the OFT on 15 August 2007 and another one that I wrote to the FSA on 20 August 2007, along with other representations. In both letters, I questioned the tactics being deployed and the wisdom of both organisations in dealing with the vexed issue of bank charges.

With your permission, Mr. Speaker, I will now present a few of the questions that I asked the OFT then. Where is the fairness for consumers who will now have to wait until the High Court decision before being reimbursed? What financial protection measures are in place to safeguard consumers, as that court action means that the banks will be able to hold on to consumers' money even longer? Among the many questions that I asked the FSA were these. Was there any consultation with an appropriate parliamentary Committee before proceeding to grant a waiver? Why was a decision taken to allow banks that waiver while still allowing the contested charges to remain in place? Can the FSA confirm that the waiver will not affect charges being taken from account holders whose income comprises social security benefits? Finally, what protection is available to consumers who are exempt from arrestment in terms of section 187 of the Social Security Administration Act 1992 and section 45 of the Tax Credits Act 2002?

Since then, the banks have been levying excessive lending charges of up to and including £38 on customers who exceed their limit. That is probably 10 times the actual cost, which may be less than £3, and the practice has caused untold financial hardship to many people in my constituency and, I have no doubt, those in other constituencies.

Nia Griffith (Llanelli) (Lab): Does my right hon. Friend agree that the banks' attitude to people such as my constituent, Alun Richards, who has been developing Tycroes business park very successfully, but now finds the banks determined to impose unrealistic conditions on him—in spite of complimenting him on his business plan—is very damaging to the local economy and is not helping the local area out of the recession in any way? Does he agree that as the Government have given money to these banks, we should see it coming through to help viable businesses to thrive as we all want them to in our areas and help us out of the recession?

Mr. Clarke: I very much welcome my hon. Friend's remarks, and I assure her that in my constituency, many small businesses in particular take the same view.

Meanwhile, there is no moratorium preventing the banks from continuing to levy the charges I have mentioned, which I find completely unfair and also unnecessary. I have been very critical of the banks on this subject, as is evident on my website and my annual reports. My criticisms have also been covered in excellent local newspapers such as the *Airdrie & Coatbridge Advertiser*, the *Kirkintilloch Herald* and the *Bellshill Speaker*. These newspapers take a very keen interest in my activities on the issue of bank lending charges because they know how cruel, punitive and grossly unfair they are to our local people.

I am on record as saying, back in 2007, that this legal battle with banks

"has all the potential to become stuck in a judicial quagmire where Banks appear to have deep pockets to fund legal fees in an attempt to delay justice to hard pressed consumers".

I note that the personal finance campaigner, Martin Lewis, agrees with me and is quoted as saying:

"The banks have used lawyers as a calculated weapon deliberately to delay claims. The High Court and the Court of Appeal have both ruled against the banks and the Court of Appeal did not want the banks to be able to appeal to the Law Lords."

The law is very clear that bank lending charges are governed by unfair regulations; yet, he said that

"the regulator has put on hold consumers' ability to reclaim charges."

Peter Vicary-Smith, the chief executive of *Which?* said:

"It's disappointing that nearly two years since this saga began, little has changed for the millions of consumers being hit with these charges."

[Mr. Tom Clarke]

My concern at the time that this legal process was initiated by the OFT was that it could drag on endlessly—certainly beyond what is reasonable—and end up with the Law Lords.

Mark Durkan (Foyle) (SDLP): Will the right hon. Gentleman give way?

Mr. Clarke: I will but I hope my hon. Friend will be brief because I am under a time limit.

Mark Durkan: I thank the right hon. Gentleman for giving way. He has clearly reflected the very significant changes taking place in banking over the past couple of years, but one thing that has not changed is how this House deals with the issue of banking. Given the considerable degree of intervention and public ownership in the sector and despite the Trojan work of the Treasury Select Committee, this House surely needs to come up with some better device for dealing with banks in the current situation; perhaps having a specific Select Committee on banking would put manners on some of these proceedings.

Mr. Clarke: My hon. Friend has made an excellent point, and I am very glad that he has put his views on the record.

It seems to me eminently sensible to take appropriate action and prevent more customers from being overcharged. No other company would get away with imposing massive penalty charges, and the banking institutions must be pressurised into stopping this malpractice, as it is crippling the personal finances of so many hard-working people.

I have no intention of trying to influence the outcome of the Law Lords' test case, but let me spell out the consequences for the banks if they lose. It will mean repaying millions of customers billions of pounds because the ruling must be retrospective; it will go back at least six years, and perhaps more. The Court of Appeal confirmed on 26 February 2009 the OFT's view that unarranged overdraft charging terms can be assessed for fairness. The court found that those terms were not part of the core or essential bargain between consumers and their banks, and that therefore consumers had protection under the Unfair Terms in Consumer Contracts Regulations 1999. That is the judgment against which the banks are appealing.

For the past two years, the banks have enjoyed a bank-charges bonanza in that they need not deal with complaints. The banks have benefited; the losers are consumers and my constituents. I want to present the case for thoroughly decent people who, as a result of circumstances beyond their control, find themselves in a very difficult financial position.

One woman in Coatbridge has three children, is a single parent, and worked hard until recently she unfortunately lost her job. Within weeks she was hit by three £35 bank charges. She depends on state benefits, and however much she tries to obtain a remedy from the bank, it is likely that she will be banging her head against a brick wall. Another of my constituents was recently widowed. She experienced a difficult time as she made the adjustment. She lives alone, surviving on a meagre state pension. Last month, she inadvertently became overdrawn by a few pounds when a direct debit—for house insurance—was returned unpaid.

On 13 May, the woman received a penalty of £35 for having the direct debit returned, and a further charge for an unplanned borrowing facility of £25 was added to her account. The bank requested that she return her account to credit, which she did by paying £72 on 21 May. After that financially punitive experience, she was advised by a friend to open an account with another bank, and she arranged to have her pension paid into the new account. However, the bank that she was leaving applied a further £60 in charges to her account. On 1 June, the bank refused to close that account until she paid the additional £60. That is indefensible; it is quite disgraceful. However, such cases of hardship—and there are many more—are all too familiar to Members, and to organisations that are active in helping people to deal with bank charges.

This is how financial hardship is defined by the Financial Services Authority:

> "A complaint is considered when his or her income is insufficient to cover reasonable living expenses and meet financial commitments as they become due".

When my constituents contact their local bank, the person at the other end is simply not interested. Banks may tell civil servants that that is not true, and advisers may try to persuade Ministers that it is not true, but I am implacably on the side of my constituents who are suffering hardship, and I believe their experience to be only too true. However, I accept that it is not enough to flag up the problem, so I want to recommend a solution.

I should like every bank to set up a special dedicated hotline so that customers in hardship can be dealt with immediately. In the present economic climate, although the Government are taking special measures to help people into employment or with their mortgages, banks too have a duty to provide a more responsive service for people suffering real hardship, particularly while the "waiver" is in place. I intend, with the support of other Members, to pursue the issue with the Financial Services Authority. However, I invite my colleagues in the Government to accept that the status quo is unacceptable, and to establish a better system for dealing with complaints about unfair bank lending charges for people suffering hardship.

The banks have dug themselves into a deep hole. So far, nearly 1 million people have claimed for the return of their unauthorised overdraft charges, but their cases are on hold. If the banks lose, the legal arguments should proceed to a key stage: a case to determine whether the charges were fair or not. It could cost the banks billions of pounds, so we can be in no doubt about their motivation to continue with the status quo.

On 26 February, an appeal by eight banks against a High Court ruling that a regulator could investigate the fairness of overdraft charges was thrown out. Sir Anthony Clarke, Master of the Rolls, dismissed the banks' appeal, and told them that they should allow the Office of Fair Trading to decide whether their charges were fair or not. Four High Court judges had now reached the same conclusion on the issue of the OFT's jurisdiction.

> "We have unanimously concluded that the application should be refused,"

said Sir Anthony. He added:

"The issues should now be resolved by an OFT assessment of fairness".

He refused the banks leave to appeal further, but they decided any way to apply directly to the Law Lords for permission to appeal. Marc Gander of the Consumer Action Group said the banks' decision to appeal further was "amazing", and he added that, "They know no shame". He also said:

"You'd have thought they would choose to come quietly and join the rest of society—it is astonishingly arrogant of these people".

It is time the Government stepped in and said enough is enough. After all, when the banks went bust they were rescued by public money—substantial public money. The Government have rightly ploughed countless billions into saving the banks from collapse and helping to protect savers. The Government not only have the moral authority but also the financial leverage to leave the banks in no doubt that when the Law Lords announce their decision this must end.

I shall conclude by saying in all candour that hon. Members of all parties have much work to do if we are to regain the trust of the electorate following months of negative publicity. This evening, I hope that we will wish to analyse the bank lending charges scandal, and we will find that this punishes the poor in a manner that should make us all feel ashamed. It is time that we remedied this blatant unfairness.

8.56 pm

The Exchequer Secretary to the Treasury (Sarah McCarthy-Fry): I congratulate my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) on securing the debate and bringing these important matters to our attention. I recognise the difficulties that can be caused by unexpected bank charges, especially for the most vulnerable and those on low incomes who are least able to bear them. The examples my right hon. Friend cited are characteristic of similar cases in my constituency, and we all have sympathy for those affected.

Members will appreciate that the question of bank charges is linked to wider issues about the banking system and the regulatory regime. I do not want to pre-empt any statements that may be made in the Treasury's forthcoming paper on regulatory reform, but I will say something in general terms about what the Government want from the banking and regulatory systems in the future, before I come on to bank charges specifically, and the treatment of customers who may suffer hardship.

There has been a fundamental breakdown of trust in the global financial system. All of us—Governments, regulators and the industry itself—need to work together to rebuild that trust. That process will take time. There are no instant remedies or overnight solutions; it starts with an acceptance that mistakes have been made in the past, and a willingness to learn the lessons. Although I recognise the need to reform the financial system, we must also be careful to retain what works. We need to walk a fine line: there must be sufficient regulation to safeguard the public interest, but not so much that we stem the flow of credit and stifle the very innovation that can benefit us all.

Banking is, by its nature, about taking risks. The task is to manage that risk and ensure that the public interest is safeguarded. There is an unwritten compact between the banks and the public. This relationship is important, and it is important that we get it right. The answer for today's problems lies partly in the deregulation of global banking in the 1980s, which was followed by huge financial innovation in the 1990s. This, combined with low interest rates around the world—particularly in the last 10 years—set the scene for one of the biggest expansions, and one of the biggest crashes, of global credit in history.

I do not believe the answer is to divide investment banking from "core" deposit taking and lending. This creates a "narrow" versus "broad" banks divide. Some have suggested limiting the scale and complexity of banks; others have proposed a simple utility bank model. I will say more about this in a moment, but let me first come on to the narrower question of bank charges.

The Government are taking action on bank charges. The Office of Fair Trading is pursuing its test case against a group of banks about charges for unauthorised overdrafts and items that are returned unpaid. As my right hon. Friend pointed out, in April 2008 the High Court ruled that certain terms in the contract governing personal current accounts could be assessed for fairness under the unfair terms in consumer contracts regulations. That was upheld by the Appeal Court on 26 February 2009, and a further appeal was heard recently by the House of Lords between 22 and 24 June—a ruling is expected in the autumn. Subject to the House of Lords decision, the OFT has written to the banks with a preliminary view on the fairness of the charges and embarked on a data-gathering exercise to provide the material on which to base a final decision.

On 3 April, the OFT announced that it would streamline its investigation by focusing on the terms of three banks in particular. The aim is to progress the case in the shortest and most efficient way possible. The OFT believes that the terms of the three selected banks provide the best representative selection of all the banks' unarranged overdraft charging terms, and therefore the outcome of this more focused investigation will be relevant to the assessment of other banks' terms. The investigation will concentrate initially on the charging terms of Lloyds TSB, HSBC and Clydesdale, and the OFT has written to all the banks under investigation to outline that decision.

It should not be assumed that the OFT is more or less likely to find those banks' terms unfair. The investigation into the other banks' terms is merely on hold and the OFT has stressed that no bank's terms have been given a clean bill of health. The OFT expects to reach final conclusions on fairness later this year, subject to any further legal challenges. Once the application of the regulations is clarified, customers will be able to pursue their complaints against the banks if the outcome of the case is in their favour.

I am concerned, however, that confidence in the retail banks cannot be restored while large numbers of complaints are on hold pending a resolution of the test case. One way to determine the fairness of the bank charges is for litigation to continue until it reaches a conclusion, which may take some years. An alternative negotiated solution could be in the interests of customers, the banks and the regulators. As we have heard, until there is a resolution the Financial Services Authority and the courts have decided that complaints about bank charges should be put on hold. The FSA has granted banks a

[Sarah McCarthy-Fry]

waiver from its rules about complaints handling in respect of charges, subject to a number of conditions. One is that complaints from customers suffering hardship will continue to be heard. The banking code commits the banks to identify and resolve situations involving a customer experiencing financial difficulty. The waiver is a matter for the independent regulator and it is subject to a number of conditions. For example, the FSA may revoke it if the duration of the test case is likely to cause undue risk to consumers or if no material progress is made in the test case without good reason.

Looking ahead, I believe there should be a new compact between the people and the banks. Put simply, people need to have confidence that when they open an account they will be treated fairly, their savings will be safe and they will not be overcharged. Opening an account should not expose customers to the risk that they will suffer detriment. It is a compact built on responsibility, fairness and choice, and it involves shared responsibility between the banks, the regulators, and bank customers themselves; fairness, whereby banks and financial institutions operate to benefit consumers, businesses and the wider economy, not just their shareholders or their employees; and choice, in properly regulated banking markets that are founded on competition, openness and efficiency.

Banks provide an essential service, but they are commercial organisations. Governments should intervene in the market only as a last resort, as intervention may trigger unwelcome and unexpected consequences, but Governments must none the less act to protect people when excessive charges or risk taking threatens them. Banks, and in particular their boards, need to recognise that their duty to shareholders is best fulfilled by acting in the interests of their customers and in the interests of not only some but all their employees. Banks' boards need to focus not on short-term profits but on long-term wealth creation, which is best served by meeting the service needs of all their customers.

In order to regain the trust of the public, we need change that extends beyond the boardroom and beyond cleaning up the banks' balance sheets; we also need to reform the culture of banks. Regulation, like governance must be designed in a way that recognises the importance of the financial sector to the economy as a whole. It should reinforce good behaviour and act as a check against bad practices—that should be self-evident. We have already consolidated seven different regulatory agencies into one—that was a significant step—but more is needed. For example, a new conduct of business regime, covering all retail banking services within the FSA's remit, will take effect from 1 November 2009. It will introduce a new, principles-based approach to regulation and detailed conduct rules for pre and post-sale requirements affecting retail deposit taking. I also look forward to the outcome of the work the OFT has been doing with stakeholders to address the concerns identified in its market study of the operation of the market for personal current accounts.

Mark Durkan: Will the Exchequer Secretary give way?

Sarah McCarthy-Fry: The convention is that it is only the hon. Member who secured the debate who intervenes, but I will give way.

Mark Durkan: I am grateful to the Exchequer Secretary for giving way to me. Will the FSA also focus on the bespoke banking market in Northern Ireland, which is very different from the banking market elsewhere? Scotland also has different conditions. Will the FSA take those into account?

Sarah McCarthy-Fry: I cannot answer that question off the top of my head, but I will undertake to write to the hon. Gentleman with that information, with special reference to Northern Ireland.

I hope that the OFT's market study, together with the resolution of the bank charges test case, will open the way to the introduction of transparent price structures and simpler mechanisms for switching from one provider to another.

I am grateful to my right hon. Friend for raising these issues. We must all work together to ensure that we learn the lessons. It will take time, but if we clean up and reform the banks, change their culture, and strengthen regulation, people can begin to regain their trust in them. That includes ensuring that the regulatory framework protects customers from excessive charges. We also need to look at where improvements can be made to banks' corporate governance and business conduct, and ensure that charges are simple, proportionate and transparent, and we must do this in a way that supports the flow of credit to consumers and business.

Question put and agreed to.

9.6 pm

House adjourned.

Deferred Divisions

Environmental Protection

That the draft Environmental Permitting (England and Wales) (Amendment) Regulations 2009, which were laid before this House on 13 May, be approved:

The House divided: Ayes 269, Noes 196.

Division No. 172]

AYES

Abbott, Ms Diane
Ainger, Nick
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Khan, rh Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mole, Chris
Morden, Jessica
Morgan, Julie
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rayneford, rh Mr. Nick
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Sheridan, Jim
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Sneigrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Steele, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael

Wilson, Phil
Winnick, Mr. David
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek

NOES

Alrtyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Djanogly, Mr. Jonathan
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lewis, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Lull, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Question accordingly agreed to.

ADJOURNMENT (SUMMER)

That this House, at its rising on Tuesday 21 July 2009, do adjourn till Monday 12 October 2009.

The House divided: Ayes 254, Noes 212.

Division No. 173]

AYES

Abbott, Ms Diane
Ainger, Nick
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Caims, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles

Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Cooker, Mr. Vernon
Coffey, Ann
Connerty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fabia, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Khan, rh Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malleber, Judy
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, Dr. Alasdair
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mole, Chris
Morden, Jessica
Morgan, Julie
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Sheridan, Jim
Singh, Mr. Marsha
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Steele, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Tapsell, Sir Peter
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barnett, John
Bellh, rh Sir Alan
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottrell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Djanogly, Mr. Jonathan
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip

Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Mann, John
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mullin, Mr. Chris
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Osborne, Mr. George
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Prentice, Mr. Gordon
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Alan
Simpson, David
Skinner, Mr. Dennis
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winnick, Mr. David
Winterton, Ann
Wishart, Pete
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Question accordingly agreed to.

NOTICES OF QUESTIONS ETC. DURING SEPTEMBER 2009

That the days appointed for the tabling and answering of written questions and for written ministerial statements under Section Order No. 22B (Notices of questions etc. during September) shall be as follows:

Tabling days

Wednesday 2, Monday 7 and Wednesday 9 September 2009.

Answering days

Wednesday 9, Monday 14 and Wednesday 16 September 2009.

The House divided: Ayes 465, Noes 3.

Division No. 174]

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainger, Nick
Ainsworth, Mr. Peter
Alexander, Danny
Ames, Mr. David
Ancram, rh Mr. Michael
Anderson, Mr. David
Arbuthnot, rh Mr. James
Armstrong, rh Hilary
Atkinson, Mr. Peter
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Baldry, Tony
Balls, rh Ed
Banks, Gordon
Barker, Gregory
Barlow, Ms Celia
Baron, Mr. John
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Benyon, Mr. Richard
Beresford, Sir Paul
Berry, Roger
Betts, Mr. Clive
Binley, Mr. Brian
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Bone, Mr. Peter
Borrow, Mr. David S.
Boswell, Mr. Tim
Bradshaw, rh Mr. Ben
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butler, Ms Dawn
Butterfill, Sir John
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Cameron, rh Mr. David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Greg
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Kenneth
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cormack, Sir Patrick
Cousins, Jim
Crabb, Mr. Stephen
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curry, rh Mr. David
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian

Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorries, Nadine
Dowd, Jim
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Eagle, Angela
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Fox, Dr. Liam
Francis, Dr. Hywel
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Gapes, Mike
Garnier, Mr. Edward
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goldsworthy, Julia
Goodman, Helen
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hague, rh Mr. William
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harper, Mr. Mark
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Heald, Mr. Oliver
Healey, rh John
Heathcoat-Amory, rh Mr. David
Hemming, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, rh Keith
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Holmes, Paul
Hood, Mr. Jim
Hopkins, Kelvin
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, rh Mr. George
Howarth, Mr. Gerald
Howell, John
Howells, rh Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. David
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Key, Robert
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Letwin, rh Mr. Oliver
Lewis, Mr. Ivan
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Linton, Martin
Llwyd, Mr. Elfyn
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Luff, Peter
Mackay, rh Mr. Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Main, Anne
Malins, Mr. Humfrey
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
Mason, John
Maude, rh Mr. Francis
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Mole, Chris
Morden, Jessica
Morgan, Julie
Moss, Mr. Malcolm
Mulholland, Greg
Mullin, Mr. Chris
Mundell, David
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Oaten, Mr. Mark
Oliver, Mr. Bill
Öpik, Lembit
Osborne, Mr. George
Osborne, Sandra
Owen, Albert
Paterson, Mr. Owen
Pearson, Ian
Penning, Mike
Penrose, John
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Pritchard, Mark
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Randall, Mr. John
Raynsford, rh Mr. Nick
Redwood, rh Mr. John
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rogerson, Dan
Rooney, Mr. Terry
Rosindell, Andrew
Roy, Mr. Frank
Ruane, Chris
Russell, Bob
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Sharma, Mr. Virendra
Sheridan, Jim
Simmonds, Mark
Simpson, Alan
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soames, Mr. Nicholas
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Spring, Mr. Richard
Starkey, Dr. Phyllis
Stoate, Dr. Howard

Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Streeter, Mr. Gary
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tami, Mark
Tapsell, Sir Peter
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Todd, Mr. Mark
Touhig, rh Mr. Don
Tredinnick, David
Trickett, Jon
Turner, Mr. Andrew
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Tyrie, Mr. Andrew
Usher, Kitty
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Vis, Dr. Rudi
Walker, Mr. Charles
Wallace, Mr. Ben
Walley, Joan
Walter, Mr. Robert
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Wiggin, Bill
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, rh Mr. Michael
Wilshire, Mr. David
Wilson, Phil
Wilson, Mr. Rob
Winnick, Mr. David
Winterton, Ann
Wishart, Pete
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George
Younger-Ross, Richard

NOES

Cable, Dr. Vincent
Mates, rh Mr. Michael
Spicer, Sir Michael

Question accordingly agreed to.

House of Commons

Thursday 2 July 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Bottle Deposit Scheme

1. **Annette Brooke** (Mid-Dorset and North Poole) (LD): Whether he plans to introduce a bottle deposit scheme in England. [283376]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dan Norris): Mr. Speaker, first, may I congratulate you on your election and wish you well in the years to come?

The Government believe that resources could be more effectively used in improving current systems than in developing a parallel system for deposits on drinks packaging. For example, improved household collections and developing the "Recycle on the Go" infrastructure are likely to be more cost-effective in increasing recycling and tackling litter.

Annette Brooke: I thank the Minister for his answer. Many of us here can recall collecting bottles to gain extra pocket money, but the matter is very serious, given that the UK recycles only 35 per cent. of its plastic bottles. Other countries have much better records—Denmark, for example, has a recycling rate of 87 per cent., so the difference is staggering—and they have deposit schemes, so it cannot be impossible to operate such schemes alongside kerbside ones. I hope that he will concede that a deposit scheme could have an enormous impact on reducing litter and the damage to our countryside and to parts of our towns. I would like to ask him—

Mr. Speaker: Order. I think that the hon. Lady is reaching a question mark.

Annette Brooke: I would like to ask the Minister whether he could re-examine the matter, undertaking a full cost-benefit analysis and considering what happens in other countries.

Dan Norris: First, I should point out to the hon. Lady that we have had great success in recycling packaging in the past 10 years. The figures that I have obtained show that our recycling increased from 28 to 61 per cent. between 1998 and 2008. That means that we have recycled three and a half times more aluminium, four times more plastic, three times more glass, six times more wood and half as much paper again.

I remember taking my Corona pop bottles to collect deposits when I was a child, but we must consider the evidence on deposit schemes. In December 2008, the Department for Environment, Food and Rural Affairs published a report that examined the features of packaging deposit systems and the role that such systems might play in increasing recovery and recycling of single-use drinks containers—those made of plastic, aluminium, glass and so on—in the UK. The report, commissioned in consultation with stakeholders, reviewed deposit systems in four other EU member states. The report provided evidence for and against deposit schemes, but overall it supported the view that resources could be better used in other ways to encourage recycling and to tackle litter—

Mr. Speaker: Order. May I say to the Minister that I am grateful to him for his generous remarks, but frankly we have made a very poor start today and we need to do a lot better?

Water Prices

2. **Mr. Colin Breed** (South-East Cornwall) (LD): What recent discussions he has had with Ofwat on water prices; and if he will make a statement. [283377]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): Mr. Speaker, in line with your ruling, I shall say merely that I met Ofwat on 27 April to discuss its 2009 review of water price limits.

Mr. Breed: I thank the Minister for that brief response. I hope that he will be aware of the rising and continuing anger of South West Water charge payers who, even after 15 years, are still paying substantially more for their water than people in any other part of the country; that is particularly true of people in Cornwall, which is one of the poorest regions in Europe. The Government simply cannot stand by and leave everything to Ofwat. What are they going to do to address that total unfairness, which has gone on for far too long?

Huw Irranca-Davies: I will tell hon. Members not only what the Government will do, but what we have done. We commissioned Anna Walker to undertake a review to examine those very issues, not only in the south-west, but across the UK. For those hon. Members who are not aware of this, I should say that the review reported its interim findings this Monday. The Government will seek to respond to that review in full when the full report is published, but we have indicated that we are aware of the particular issues in the south-west and we have to find a way to address them. I hope that the hon. Gentleman will attend Anna Walker's forthcoming roadshow in the south-west.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Is my hon. Friend aware that the word on the street is that Ofwat is weak and needs to be shaken up or changed, that the private equity owned water companies are

getting away with blue murder and that consumers are getting a raw deal? When is he going to do something about Ofwat?

Huw Irranca-Davies: My goodness, I am having to deal with some challenges today, Mr. Speaker. I also hear the opinion that Ofwat is far too strong and rigorous sometimes. What I would say to reassure my hon. Friend is that this Government introduced clear, explicit social and environmental guidance and we expect that to guide what Ofwat does. It has to make its own decisions and it is an independent economic regulator, but we have to ensure that issues of social justice, affordability and so on are properly taken account of, too.

Peter Luff (Mid-Worcestershire) (Con): Only yesterday, I passed to Ofwat a letter from the treasurer of the 1st Droitwich Spa scout group expressing concern about a likely increase in its water charges from £50 to £1,000 because of run-off charges. That will force the group to choose between a much-needed new roof for the scout hut or an increase in subs for the 60 beavers, cubs and scouts, which they could ill afford. What comfort can I give the 1st Droitwich Spa scout group?

Huw Irranca-Davies: The hon. Gentleman can give it the comfort that this Minister has met both the regulator and United Utilities and will continue to put on the pressure. It is right that the dialogue between the independent economic regulator and the water companies is the way they define how they will take their regime forward. I am clear that there should not be disproportionate impacts on groups such as community hall groups, scout associations, churches and so on. The great thing is that United Utilities has applied a moratorium in order to examine that very issue in its area. I am looking forward to learning the outcome of that shortly, because I hope that it will guide the way for future decisions.

Mr. Andrew Smith (Oxford, East) (Lab): Does my hon. Friend accept that a social tariff especially for large low-income households is essential if they are not to be clobbered by huge increases under water metering, and that Ofwat is unlikely to approve such tariffs without clear and firm guidance from the Government? Will the Government issue such guidance as a matter of urgency?

Huw Irranca-Davies: My right hon. Friend will know that that is the very reason that we set up Anna Walker's review—to consider issues of affordability, social tariffs and how water metering can play a role not only in water efficiency, but in driving down costs, especially for low-income households, and measures to tackle water poverty. We need to look in the round at Anna Walker's interim report and to respond in full to her final report to deal with the very issue that my right hon. Friend raises.

Miss Anne McIntosh (Vale of York) (Con): Mr. Speaker, may I add my personal congratulations?

Why has the Minister not put in the draft Flood and Water Management Bill his response to the Cave and Walker reviews, and why is he not giving a clear sense of direction to the water industry and a clear sense that the Government are on top of those issues?

Huw Irranca-Davies: The hon. Lady refers to the Cave review, as opposed to the Walker review, which has been out to full consultation. We said that we would respond to it in full. There is nothing that precludes the Government or the regulator from acting on what is in the Cave review: we do not have to wait for another pricing review. We have to ensure that whatever we propose in the Bill next Session deals with the important issues, including those that were raised by Pitt in his review—we said that we would act on those. We also need to deal with issues of flooding and so on, and we will get on with that.

Single Payment Scheme

3. **Martin Linton** (Battersea) (Lab): What recent steps his Department has taken to reduce the overall cost of the single payment scheme. [283378]

4. **Sandra Gidley** (Romsey) (LD): What recent assessment he has made of the effectiveness of the operation of the single payment scheme. [283379]

The Minister of State, Department for Environment, Food and Rural Affairs (Jim Fitzpatrick): The Rural Payments Agency has made a year-on-year improvement in the timing of payments under the single payment scheme. For scheme year 2008, at 30 June it had paid out around £1.625 billion, representing more than 99.6 per cent. of the estimated total fund.

The agency has been working to reduce the administrative costs of the scheme, as well as to reduce the burden on farmers. A number of initiatives to improve the process of claiming payment have been introduced, including online applications and the issuing of claim forms that are part-completed. Those initiatives ensure that the overall process is easier and quicker.

Martin Linton: Yes, but given our commitment to further reform of the common agricultural policy, is it not time to cut back the escalating cost of the single payment scheme, which is £1.6 billion in this country and £25 billion across Europe, and is expected to hit a staggering £35 billion in 2012? As well as the cost to taxpayers and consumers, is it not against the interests of young farmers if landowners are paid £100 an acre whatever they grow? Does not that just increase the threshold to get into the profession?

Jim Fitzpatrick: I assure my hon. Friend that we are committed to reforming the system. The health check has in recent years made the system less bureaucratic and fairer. We are continuing to press in Europe for a move from pillar 1 to pillar 2, which would make it less bureaucratic and easier for young people to come into farming.

Sandra Gidley: Single farm payments are supposed to allow farmers to cope with a market that is unfair, but each payment last year cost the taxpayer £742 to administer. Some 14,645 payments of less than £400 were made, including 636 of less than £50. Will the Minister consider introducing a minimum claim value of £250 to £300, which would reduce bureaucracy without damaging hard-working family farmers?

Jim Fitzpatrick: As a result of the CAP health check, we are in the process of introducing new de minimis options. DEFRA is consulting on the new minimum of between one and five hectares. The Rural Payments Agency's performance has improved dramatically in recent years, since the great difficulties of a few years ago. For 2009, for example, the target of paying 75 per cent. of claims by value by the end of January was met on 20 January; the target of 90 per cent. by value by the end of March was met on 10 March; and 104,000 farmers have been paid, with only 400 residual claims to be sorted.

David Taylor (North-West Leicestershire) (Lab/Co-op): Some years ago, my hon. Friend—as I shall call him—the Member for Brecon and Radnorshire (Mr. Williams) and I were both Members of the Select Committee on Environment, Food and Rural Affairs when it was holding an inquiry into the disasters of the single farm payment. The process has improved considerably, but is the Minister aware of the problems with the rural land register, which is at the heart of the single farm payment? Some 120,000 farms in England have received their maps recently, but those maps are showing remarkable things, such as hedges and walls that were demolished or removed in the 1950s, neighbourhood land being attached to farmers' holdings and so on. What confidence can we have that the single farm payment in 2010 will be based on accurate data?

Jim Fitzpatrick: I can reassure my hon. Friend and the farming community that the mapping procedures being conducted now will not affect this year's payments. There are 28 days for farmers to respond to the maps that they have received. We have been in touch with the RPA already. I have a meeting with the RPA chief executive next week and the mapping arrangements are at the top of the agenda. I met National Farmers Union representatives at the royal Norfolk show yesterday, where they expressed their concerns about the matter—*[Interruption.]* As my hon. Friend the Member for Chorley (Mr. Hoyle) says from a sedentary position, I am wearing a Norfolk Young Farmers Club tie to demonstrate my appreciation of their generosity yesterday.

In conclusion, there is concern about the mapping. We are aware of it, we are dealing with it and we will ensure that it will not cause problems such as those that we have seen before with the RPA.

Mr. Richard Benyon (Newbury) (Con): I refer hon. Members to my entry in the register.

I am sorry, but the Minister's answer is just not good enough. At the heart of the single payment scheme is the RPA. The RPA is sending out the wrong maps, again, to farmers and is giving them just 28 days to respond at the busiest time of the year. That shows that the RPA is still an incompetent organisation. At his meeting with the chief executive next week, will the Minister intervene to stop that process and remind the RPA that there is something called a harvest, which means that farmers are at their busiest at this time of the year and that they have to be given longer to respond to the mess?

Jim Fitzpatrick: I assure the hon. Gentleman that that item will be at the top of the agenda next week. We are aware of the anxiety that it is causing. As I have said, it will not affect the payments for this year. A pilot exercise was conducted with 1,000 farms to try to ensure that the roll-out would be as efficient and accurate as possible. We need to update the maps because they are static maps and the situation is changing regularly. That process will allow us to put them online, which will make it easier for farmers in the future. We are hearing some concerns and some complaints, and the RPA is responding to the farmers who contact the agency. I will make sure that the matter is top of my agenda in the weeks ahead, because we need to ensure that we get it right.

Mr. Michael Jack (Fylde) (Con): The costs of running the single farm payment scheme are but one item in DEFRA's budget. The Secretary of State has made it clear that, from 2011, his Department's budget will be reduced. Will the Minister now outline what cuts in services to the customers of DEFRA the Secretary of State's announcement entails?

Jim Fitzpatrick: Our Department, like all Government Departments, continuously reviews its budget and seeks to be as efficient as possible. There is no threat in the statement by my right hon. Friend the Secretary of State. We will continue to examine our budget and we shall ensure that the Department runs as efficiently as possible.

Rural Economy

5. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): What his most recent assessment is of the effect of the recession on the rural economy. [283380]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dan Norris): While the economic downturn affects both urban and rural areas, analysis of data from Government Departments and the regional development agencies suggests that there is no significant difference between urban and rural areas and that, if anything, there is slightly more success in urban communities.

Danny Alexander: The Minister will be aware that one sector that has been hit hard by both rising costs and falling demand is the hill sheep farming sector. That is reflected in the fact that in the highlands, for example, more and more farmers are taking their stock off the hills. That has a knock-on effect on one of the industries that could buck the economic trend, tourism, because of the work that hill farmers do to maintain and support the countryside as a whole. What steps is the Minister taking to ensure that there is greater support for the hill sheep farming sector over the coming years of recession, to maintain the benefits that it brings to the wider community and the wider economy?

Dan Norris: The upland entry scheme that we are about to introduce has been widely welcomed, and I hope that, when he sees the details, the hon. Gentleman will find some comfort in that. However, we fully understand and recognise that it is a serious issue, and we continually redouble our efforts to make sure that such matters are addressed properly.

Nick Herbert (Arundel and South Downs) (Con): May I add my own congratulations to you, Mr. Speaker?

It appears that the recession is already taking its toll on DEFRA, which has had its budget cut by £200 million since the pre-Budget report. Will the Minister confirm to rural communities that DEFRA's budget is frozen for the next three years—what the Prime Minister would call a "zero per cent. rise"—which means that it will be cut in real terms?

Dan Norris: I thank the hon. Gentleman for that question, but the figures have been published and he is obviously capable of accessing and reading that information for himself.

Nick Herbert: Why does the Minister not at least have the courage to repeat what the Secretary of State admitted on "Any Questions?" last week, when he said that the DEFRA budget was "going to be less"? Rural communities are being hit hard in the recession and they want the truth about what lies ahead. Rising unemployment and debt interest mean that the Government's own plans show spending cuts of at least 7 per cent. in every Department. Why will the Minister not be straight with rural people and admit that DEFRA is already making cuts and that, because of the Government's mismanagement of the economy, spending will have to be cut even more?

Dan Norris: I am not going to take any lessons from the hon. Gentleman about this. Let us be clear: if the Conservatives were in the government now, they would be cutting the figures immediately. We are looking very carefully at efficiency, because it is very important that we deliver value for money. We must make sure that what we do is not just good quality, but cost-effective and bears in mind the council tax payer and taxpayers.

Dairy Farmers of Britain

6. **Mr. Ben Wallace** (Lancaster and Wyre) (Con): What discussions he has had with representatives of Dairy Farmers of Britain since it was taken into receivership. [283381]

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): May I take this opportunity to welcome my hon. Friends the Members for Poplar and Canning Town (Jim Fitzpatrick) and for Wansdyke (Dan Norris) to the DEFRA ministerial team? As we have heard already this morning, they are making a great impact.

I and my ministerial colleagues have been working with the Dairy Farmers of Britain members council, the receiver, Dairy UK, farm unions, banks, and charity and benevolent organisations to continue to help all those affected.

Mr. Wallace: Many Dairy Farmers of Britain producers in Lancashire and Cumbria are suffering because of the collapse of their dairy business and associated cash-flow problems. Will the Secretary of State consider extending meeting the requirements of the nitrates directive by perhaps one year? Will he also consider bringing forward some of the single farm payment due in the autumn for affected farmers to alleviate some of their cash-flow problems?

Hilary Benn: I am only too well aware of the difficulties that farmers have faced, but let me take the opportunity to give the House the very latest information. Of the 1,813 farmers with Dairy Farmers of Britain on 3 June, 1,759 have found other buyers for their milk, 45 have retired or are in the process of retiring and nine have not yet decided. Given where we were on 3 June, that is considerable progress.

To respond to the two points that the hon. Gentleman raised, in theory it would be possible to try and advance single farm payments, but that might have a knock-on effect on other farmers. On the RPA, I have said throughout that the one thing that I am not prepared to do is jeopardise the recovery that my hon. Friend the Minister of State referred to. Secondly, we cannot delay the requirements on nitrate vulnerable zones further, but I remind the House that the new requirements on slurry storage do not have to come in until 2012.

Jane Kennedy (Liverpool, Wavertree) (Lab): What a pleasure it is to see you in the Chair, Mr. Speaker.

May I ask my right hon. Friend the Secretary of State to pass on my welcome to my two colleagues who have joined him on the Front Bench? Food and food production are far too important to be left entirely to the advocacy of Members with rural constituencies. They are of importance to everyone.

I noted my right hon. Friend's response to the hon. Member for Lancaster and Wyre (Mr. Wallace). Will he consider approaching the Office of Fair Trading and pressing it for its view on what is competitive in the dairy market? That would allow it to take a more pragmatic approach when mergers and changes happen in the co-operative sector.

Hilary Benn: First, may I say that it is very good to see my right hon. Friend in her new place? *[Interruption.]* At the last Question Time, I expressed my sorrow at her departure. To make it clear, I refer to the fact that she continues to take an interest in DEFRA matters. I thoroughly welcome that, and I thank her for her efforts in relation to Dairy Farmers of Britain.

On the role of the Office of Fair Trading, as my right hon. Friend will be well aware, a merger was proposed last year between two of the co-operatives, but it did not come off, not because of problems with the OFT, but because the two partners were not able to reach agreement. However, I will reflect on the point that she rightly makes.

Adam Price (Carmarthen, East and Dinefwr) (PC): When Parmalat went into administration in 2004, the Italian Government provided emergency compensation to the thousands of Italian dairy farmers who were affected and the European Union agreed to waive state aid rules. Why do the British Government not provide similar support now to the thousands of British dairy farmers affected by the collapse of DFOB?

Hilary Benn: The most important thing that we have done, as I have just informed the House, is work with all the partners to try to ensure that farmers can find other buyers for their milk. Considerable progress has been made, although one should acknowledge the position of workers in the creameries and dairies that have not been able to be bought by others. The dairy industry is

facing longer-term problems because of the difficulties in the world market. Through the dairy supply chain forum, which we established in 2003, we are working with the sector to look ahead. There is over-supply at the moment, but the longer-term prospects are slightly brighter.

Mr. David Drew (Stroud) (Lab/Co-op): The most important issue for most farmers is, of course, the lack of the milk cheque. Will my right hon. Friend at least talk to PricewaterhouseCoopers about the fact that, although some people obviously knew how desperate the state of the company was, milk was supplied and has been purchased by various outlets? Is it not right that those outlets pay the farmers for the milk that they have received and that PWC ensures that that is done as a matter of urgency?

Hilary Benn: If others have contractual obligations, it is clearly very important that they are met, but we have made further progress in the past week or so because of Milk Link's offer to purchase the rest of the milk—milk that had not been bought by other buyers—at a price of 18.45p a litre, as opposed to the 10p a litre that the receiver was offering.

Tim Farron (Westmorland and Lonsdale) (LD): The Milk Marketing Board was scrapped under the Conservative Government and its successor, Milk Marque, was broken up under this Government, all in the name of free and fair trade, yet dairy farmers are now receiving as little as 10p a litre for their milk in the aftermath of the break-up of Dairy Farmers of Britain. I wonder to what extent that constitutes a free and fair market. Will the Secretary of State undertake to do two things now? First, to prevent a disastrous loss of capacity in the dairy sector, will he underwrite the unpaid May milk cheque for Dairy Farmers of Britain? Secondly, will he intervene to prevent unfair trade by introducing a powerful food market regulator, to prevent buyers from exploiting farmers from all sectors in this unfair, unfree and unbalanced food market?

Hilary Benn: First, I cannot give the hon. Gentleman the answer that he wants on the payment of the milk cheque. Secondly, as he will be well aware, the Competition Commission has been consulting on the idea of an ombudsman and seeking agreement with the supermarkets and others. At some point in the not-too-distant future, the commission may come back to ask the Government to form a view on that, and we will consider it very carefully at the time.

On the dairy industry more widely, I simply say that there has been a huge increase in productivity. Although if we look back over 20 years, we see that milk production has declined a bit from about 14 billion litres to 13 billion litres, the dairy industry in Britain is much more productive than it was.

Mr. Lindsay Hoyle (Chorley) (Lab): The situation is very serious. I represent hundreds of farmers, who were receiving 10p a litre, which is totally unacceptable and not sustainable, when the company went into receivership. First, we need the Secretary of State to call for a full inquiry into what has happened in Dairy Farmers of Britain. Secondly, we need him to help to fund the shortfall. Why did the banks foreclose when the farmers were owed the most money and the banks could therefore receive the most from the receivership? We need a full inquiry, we need support to ensure that those farmers are compensated, and we need him to see what help he can give.

Mr. Speaker: Order. Before the Secretary of State replies, may I mention what will be apparent: questions are fast becoming threesomes and some trimming is required?

Hilary Benn: To be honest, I am not sure that an inquiry is required. Dairy Farmers of Britain had problems and in the end, despite the efforts of the members, it was not capable of being saved. I agree with my hon. Friend that receiving 10p a litre is impossible for farmers, and that is why Milk Link's offer to all the remaining farmers to buy at an average of 18.45p a litre is to be welcomed.

Common Agricultural Policy

7. **Mr. Peter Bone** (Wellingborough) (Con): What recent discussions he has had at EU level on reform of the common agricultural policy. [283382]

The Minister of State, Department for Environment, Food and Rural Affairs (Jim Fitzpatrick): The common agricultural policy was one of the issues discussed at the last EU Agriculture Council that I attended, which was in Luxembourg on 22 and 24 June, during the Czech presidency. I look forward to continuing discussions under the Swedish presidency in the second half of the year.

Mr. Bone: In December 2005, Tony Blair surrendered the British rebate, which Mrs. Thatcher negotiated, on the false promise that the CAP budget would be slashed. Last year, the UK paid £3 billion to the EU; next year, it will pay £6.5 billion. How many teachers, police officers and nurses will have to be cut to pay for that?

Jim Fitzpatrick: The health check that I mentioned earlier provided much of what the UK wanted. Negotiations on the future are already under way informally, as was evidenced by the discussions that took place in Luxembourg last week. We are intent on making sure that we can reform the common agricultural policy to the benefit of Britain and British farmers, and to the benefit of Europe, and we continue with that policy.

Mr. Brian Jenkins (Tamworth) (Lab): Will my hon. Friend please assure the House that when he sees his European colleagues, he will get them to recognise that security of food supply requires a premium? That is not merely a handout for farmers; it is to allow farmers to work towards supplying us with our food. We should never slash and burn it, or run away from supporting our farmers in this country, as the Conservative party would.

Jim Fitzpatrick: My hon. Friend makes an important point. We are intent on making sure that the reforms to the CAP are in the direction of travel that he wants us to take. We had discussions last week that will clearly lead to intense negotiations in the months and couple of years ahead on the next round of the CAP and the next round of the European budget. There may be a new

Agriculture Commissioner later this year, and the Lisbon treaty may have an impact on how the negotiations proceed in the years ahead. There is a lot going on in the background and we are intent on protecting British interests.

Mr. James Paice (South-East Cambridgeshire) (Con): Very recently, the Secretary of State persuaded the rest of the EU to allow him to keep set-aside. It is widely rumoured that he will announce at the royal show next week that he will accept the voluntary approach. If he does, we will support him, as that would be the right decision. Does he agree that the success of the voluntary approach should not be measured simply by what area of land is taken out of production? The objective is to improve biodiversity. Will he reject the simplistic arguments made by some organisations in favour of setting targets on the area of land, and will he instead set targets on indicator species of birds, animals and invertebrates? That is the only way to really tell whether we are improving biodiversity.

Jim Fitzpatrick: My right hon. Friend the Secretary of State is considering the conclusions and will make an announcement shortly, as has been trailed. Clearly, the issues are complex, as the hon. Gentleman has outlined. He knows better than I that whatever decisions are made to improve biodiversity and the ability of species to prosper, it will take some years to be able to demonstrate that that has happened. I assure him that my right hon. Friend the Secretary of State is taking all those complex matters into consideration and will make a statement shortly.

Economic Downturn

8. **Mr. Jim Cunningham** (Coventry, South) (Lab): What steps his Department has taken to assist farmers and the agricultural industry during the economic downturn. [283383]

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): In difficult times, agriculture overall is doing well. Farming incomes increased by 36 per cent. in real terms last year and there was a record wheat harvest. The UK exported £12 billion-worth of food and drink in 2007. However, some sectors are facing difficulties and farmers have been able to benefit from the help that the Government are giving to all businesses.

Mr. Cunningham: What is my right hon. Friend doing to ensure that, in the economic downturn, agricultural workers receive proper training?

Hilary Benn: In April I convened a meeting of all those who have an interest in skills in the industry, and the industry has undertaken to come back to us with its plan. We are providing support through Fresh Start, funding for new businesses in rural areas, Train to Gain, apprenticeships, and of course the new land-based diploma for 14 to 19-year-olds, which will be available from this September.

Mr. Roger Williams (Brecon and Radnorshire) (LD): These are difficult times and some farmers with land in my constituency have not received their single farm payment from four years ago because of the difficulty in ensuring that cross-border applications are properly instituted. Will the Secretary of State please respond to me if I supply details to him, so that we can obtain some relief for those farmers?

Hilary Benn: I shall very happily do that.

Exotic Animal Disease

9. **Mr. Philip Hollobone** (Kettering) (Con): What proportion of the costs of dealing with exotic animal disease outbreaks will be met by farmers under his Department's cost-sharing proposals. [283384]

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): Proposals on how responsibilities and costs for animal health could be shared with livestock keepers in future have been the subject of a three-month consultation. Final decisions will be taken in the light of responses to the consultation.

Mr. Hollobone: DEFRA assumes that in a typical year, whatever that is, the costs of coping with such outbreaks might be £134 million, of which £65 million would fall on the Government and £69 million on the industry. The Secretary of State now proposes that the industry shares half the Government's costs, effectively meaning that farmers will pay 70 per cent. of the overall bill. Are not DEFRA's estimates of the overall cost of preventing such outbreaks too high, and is not the proposed burden sharing unfair?

Hilary Benn: The figures that we published in the consultation paper were illustrative, but the fundamental principle is about whether it is right to share responsibility for taking decisions about animal disease. My view, and that of the industry, is that it is. Indeed, the industry has long argued for it. Is it then unreasonable in the circumstances to share some costs of handling disease outbreaks, as we have done with blue tongue? It is not. Indeed, it was a recommendation of Iain Anderson after the 2001 foot and mouth outbreak. It is important that we get on with the process. Indeed, Germany has had a disease levy for several years.

Dairy Industry

10. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What his most recent assessment is of the future prospects of the dairy industry; and if he will make a statement. [283385]

The Minister of State, Department for Environment, Food and Rural Affairs (Jim Fitzpatrick): The long-term prospects for the dairy sector are encouraging, and the UK is well placed to take advantage of the expected growth in global demand. The British dairy sector as a whole is fundamentally sound, and, through the dairy supply chain forum, we are providing a framework for constructive debate and information for the industry to make informed decisions about its future.

Mr. Goodwill: Is the Minister aware of the particular vulnerability of small dairy farms in remote locations, such as the North York Moors national park, as the big dairies cherry-pick the accessible farms with the big

herds? What does he think would be a fair price for milk to secure the future of such businesses for generations to come?

Jim Fitzpatrick: Setting the milk price is a commercial matter to be resolved through private negotiations that should take place within the parameters set down by competition law. The market must determine prices. I fully recognise, however, the different challenges that remote farms face and which the hon. Gentleman raises. They can be exacerbated by the fact that such farms tend to be smaller, as he describes, and unable to provide the quality of milk to make collection commercially viable. In the case of DFOB farmers, we have ensured that the parties involved have got together to make haulage costs more viable. That is one way in which remote farms could look after their business interests more collectively.

Robert Key (Salisbury) (Con): Please will the Minister listen to small dairy farmers, in particular, who will tell him that the dairy industry is far from secure in the long run? Indeed, what thinking is his Department undertaking to determine the future strategically—in terms of Britain's food supply and, in particular, its raw milk supply? The prospects are so bleak that farmers are convinced that there will be no milk production in this country within 10 or 12 years unless we do something about the matter.

Jim Fitzpatrick: I hear what the hon. Gentleman says, and his less than optimistic description of the industry. I chaired the dairy supply chain forum 10 days ago at the Department, and the impression that I got from industry members, including farmers, National Farmers Union members, dairy supply chain representatives and retailers, was one of optimism and positivity, notwithstanding a reduction in production from 14 billion to 13 billion litres and a reduction in the number of dairy farmers over the past 12 months. The overall position for the industry, however, looked very encouraging.

Food Waste

11. **Alison Seabeck** (Plymouth, Devonport) (Lab): What estimate his Department has made of the volume of wastage of edible food arising from date stamping and food labelling practices; and if he will make a statement. [283386]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dan Norris): The Waste and Resources Action Programme has estimated that 370,000 tonnes of food that is past its "best before" date but still probably safe to eat is thrown away by householders each year. The "best before" date is an indicator of quality rather than of food safety. I have no comparable statistics for the commercial sector.

Alison Seabeck: I welcome my hon. Friend to the Dispatch Box and thank him for that reply. A number of my constituents have contacted me expressing real concern about the extraordinarily high level of edible waste that disappears into dustbins. They feel that we should be able to attack the problem in a number of ways. First, individuals should ensure that they do not waste as much food; secondly, supermarkets should cut back on their three-for-two offers, which encourage over-buying; and thirdly, the food industry should buy into the labelling. What additional help will the Government offer, and when does my hon. Friend expect the Food Standards Agency review on labelling to report?

Dan Norris: I thank my hon. Friend for her comments. The key thing is that energy from waste is only one part of the picture; the Government's priority is to consider waste prevention, reuse and recycling ahead of energy from waste. I do not have the specific answer to my hon. Friend's question, but I will write to her with it.

Dairy Farmers of Britain

12. **Mr. David Jones** (Clwyd, West) (Con): What recent discussions he has had with farming organisations on the taking into receivership of Dairy Farmers of Britain; and if he will make a statement. [283387]

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): As I said in answer to an earlier question, my ministerial colleagues and I have been working with a wide range of organisations to continue our efforts to help those affected.

Mr. Jones: In answer to a question from the hon. Member for Chorley (Mr. Hoyle), the Secretary of State said that he saw no need for an inquiry into the failure of Dairy Farmers of Britain. However, last August the co-operative issued an annual report that by any standards contained a preposterously over-optimistic assessment of its future. Given that so many farmers have lost so much money already and stand to lose even more, will the Secretary of State confirm that when he or his ministerial colleagues are considering the failure of the co-operative, they will take into account the actions of the directors who authorised that annual report?

Hilary Benn: I understand the hon. Gentleman's concern on behalf of the farmer members. For some while, it has been no secret that Dairy Farmers of Britain was in difficulty; the House is well aware of that. Ultimately, of course, the directors are responsible to the members of the company. For reasons that the House will understand, we have been concentrating our efforts on trying to help those affected. The single most important step that we can take is to try to find alternative buyers for their milk.

Marine Conservation

13. **Mrs. Linda Riordan** (Halifax) (Lab/Co-op): If he will seek discussions with his US counterpart on UK-US co-operation on marine conservation worldwide. [283388]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): My right hon. Friend the Secretary of State met Dr. Jane Lubchenco, head of the National Oceanic and Atmospheric Administration in the US, when he visited the United States in May 2009. They discussed the UK marine strategy and the impacts of climate change on marine ecosystems.

Mrs. Riordan: I welcome the Government's close dialogue with the new US Administration on all things marine. However, does the Minister agree that, given the Marine and Coastal Access Bill, common fisheries policy reform and so on, we are increasingly becoming a leading reformer on marine fisheries issues globally?

Huw Irranca-Davies: It is an important agenda, and it is rising both in the public mood and among politicians. We need to consider how we bring marine and fisheries issues together within CFP reform, take a long-term view, base decisions on the science and better equip regional management. Furthermore, we are considering the Marine and Coastal Access Bill at the moment in Committee. The agenda is rising, and the Government are committed to playing a leading role in it, domestically and globally.

Bill Wiggin (Leominster) (Con): I am pleased to hear that the Minister takes the issue seriously; anyone who has read Charles Clover's excellent book "The End of the Line", or seen the film, will know that we have to hurry to make sure that we preserve our marine species. Monaco represents the Government's next opportunity to fight to make sure that the bluefin tuna gets a convention on international trade in endangered species listing, and that the EU does not put together some cosy deal cooked up by southern states, thus splitting our strong and important sense that the species should be preserved.

Huw Irranca-Davies: The hon. Gentleman makes a valid point. I have seen Charles Clover's film and I have read his book—in fact, I met him the day before yesterday. *[Interruption.]* I have the T-shirt. We are as committed as any European nation to dealing with the bluefin tuna issue. We are awaiting with interest a possible proposal from Monaco and the US, and we will respond accordingly at the appropriate time. Like many other European nations, we are concerned about bluefin tuna.

Recycling

14. **Simon Hughes** (North Southwark and Bermondsey) (LD): What recent discussions he has had with local authorities on waste recycling targets; and if he will make a statement. [283389]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dan Norris): Local authorities have made great progress in increasing the rate of recycling. I am encouraged that 85 per cent. of them have chosen to include a waste target in their current local area agreements to ensure they continue to prioritise this important area. I have not had any recent discussions with local authorities about waste recycling targets. My officials regularly meet representatives of local authorities to discuss all aspects of waste management, including recycling targets.

Simon Hughes: Household recycling has certainly improved considerably, but will Ministers talk to local councils about the recycling of material in public places, particularly at transport sites—railway stations, tube stations and bus stations—where, for example, lots of newspapers, especially free newspapers, are all over the place on a regular basis? That is an issue that should be of concern both nationally and locally.

Dan Norris: I certainly agree about free newspapers, which pose a particular challenge that we take seriously. I am pleased that the hon. Gentleman feels that the Government have been doing positive things in this respect, but I completely accept that we need to do even more. Recycling on the go is something that we need to be thinking hard about in the years to come.

Commercial Waste

15. **Mr. David Chaytor** (Bury, North) (Lab): What recent representations he has received from the small business sector on arrangements for the disposal of commercial waste. [283390]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dan Norris): Officials from my Department have been in discussion with the small business sector and a wide range of other interested parties about the management of commercial and industrial waste. Later this month I hope to publish a statement of our policy objectives for these types of waste, which will include a list of actions to help achieve those objectives.

Mr. Chaytor: The local waste disposal site for commercial use in my constituency has been closed for refurbishment for nearly a year, which means that small businesses have to travel to larger sites in neighbouring towns where the charging regime is much more rigid. A sole trader who could previously have disposed of a small load for £5 now has to pay a minimum charge of £58 per half tonne. In the statement that the Minister is going to make later this month, will he consider the impact of rigid charging schemes, particularly the consequential increases in fly-tipping?

Dan Norris: I completely accept that there are difficulties in this regard, and we need to think carefully about them. However, there are some good examples of local authorities raising their own initiatives to deal with circumstances that are not exactly the same as those that my hon. Friend's constituents face, but are not dissimilar. I am certainly happy for his local authority people to liaise with my officers and officials in order to work out a solution to the challenge that he has brought up.

Topical Questions

T1. [283401] **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): DEFRA's responsibility is to help us all to live within our environmental means. I wish to inform the House of the appointment of Christopher Parry as chair-designate of the Marine Management Organisation, which is to be established under the Marine and Coastal Access Bill. His appointment will be for three years from the point at which the MMO is created.

Mr. Crabb: I am grateful to the Secretary of State for that reply. I was pleased to see the recent DEFRA consultation on amending the Animals Act 1971 to remove the threat of strict liability faced by responsible animal owners. That is one of the factors contributing

to the crippling insurance costs now facing riding schools, disabled riding centres and livery yards. When will the Minister be in a position to give an update on the outcome of that consultation? Some of us have tried to fix this several times through private Members' Bills and ten-minute rule procedures, and it really needs the Government to sort it out once and for all.

Hilary Benn: I share the view that the hon. Gentleman expresses. He rightly draws attention to the efforts that have been made in this House, unfortunately without success, to deal with this issue. We will publish responses to the consultation as soon as we can, because I recognise the concern that there is out there about the position that people find themselves in.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I welcome the Walker review on water metering and charging, which sets out for the first time the basis on which we can properly consider who should pay for the costs of environmental benefits such as the costly beach clean-up in the south-west. Will my right hon. Friend meet a group of colleagues from the south-west to discuss why this should be used to put right the very high prices that we have as a result of the botched Tory water privatisation?

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): I pay tribute to my hon. Friend and other hon. Members here today who have repeatedly led delegations to me to raise these issues. It is good to see that Anna Walker has been comprehensive in her response to those issues. The road tour in the south-west was particularly well attended by hon. Members, including my hon. Friend, and I am sure that they will attend the next one. She is right that we have to address this issue, and I look forward to meeting her soon. I am sure that she will keep up the pressure on me, and on No. 10.

Several hon. Members *rose—*

Mr. Speaker: Order. I am keen to get through as many questions as possible, and I remind right hon. and hon. Members that topical questions in particular need to be very brief.

T2. [283402] **Mr. Peter Bone** (Wellingborough) (Con): Does the Secretary of State agree that at a time of national crisis, the European Union contribution should relate to reform of the common agricultural policy? Should we not take a lesson from the Prime Minister and increase our contribution to the EU by 0 per cent., and save £3.5 billion?

The Minister of State, Department for Environment, Food and Rural Affairs (Jim Fitzpatrick): I think we covered the arrangements for the CAP and its reform earlier. We will do everything that we can to protect British interests and ensure that it is as efficient as possible.

T4. [283404] **Mr. Jim Cunningham** (Coventry, South) (Lab): When was the last time that the Minister met the water regulator to discuss the high charges that people are having inflicted on them at the moment, given the state of the economy?

Huw Irranca-Davies: Both my right hon. Friend the Secretary of State and I regularly meet the economic regulator. In fact, we have met within the past few weeks. As my hon. Friend knows, the pricing review is going on. We have to ensure that the water companies deliver for the consumer and deliver environmental benefit, within our social and environmental guidance. We will continue to advocate that.

T3. [283404] **Mr. Philip Hollobone** (Kettering) (Con): A decade ago, there were several dozen dairy farmers in the borough of Kettering. Now, the local branch of the National Farmers Union tells me that there are just two left. The new slurry storage regulations may well be the last straw. When will the Department introduce measures that reduce the cost of dairy farming in this country?

Hilary Benn: The legislation on nitrate-vulnerable zones dates from the early 1990s, and those who took positions at the time bear responsibility for the consequences. We have to apply the legislation as it is in place. As I indicated earlier, there is a specified period for farmers to take on the requirements for additional slurry storage, and as the House will be aware, Her Majesty's Revenue and Customs has clarified there is access to a capital allowance for the construction of slurry stores.

T6. [283406] **Mr. David Chaytor** (Bury, North) (Lab): May we have a brief update on food labelling? I am increasingly receiving expressions of concern from my constituents about the dubious labelling of eggs and chicken. The packaging is designed to create the impression that the products are organic, free-range and produced in the UK, whereas the small print makes it clear that they are intensively farmed and imported from abroad.

Jim Fitzpatrick: My hon. Friend raises a very important point, and I can assure him that DEFRA is working hard on the matter. Labelling and country of origin are being examined, and we will come forward with proposals in due course.

T5. [283407] **Tony Baldry** (Banbury) (Con): On Monday the Prime Minister launched the White Paper "Building Britain's Future". There is no reference in that document to farming, the rural economy or recycling. With the exception of a reference to the Flood and Water Management Bill, DEFRA is completely invisible in it. Why does DEFRA not seem to appear at all in "Building Britain's Future"?

Hilary Benn: The hon. Gentleman points to the Flood and Water Management Bill, which is a really good example of our getting on with it in the light of the terrible floods that affected people in 2007. I simply say that the answers that the House has heard so far today clearly indicate a Department getting on with it and helping the farming industry to ensure that we can produce enough food.

Natascha Engel (North-East Derbyshire) (Lab): May I press my hon. Friend the Minister of State on his earlier answer about country of origin labelling? Meat that comes from abroad is being sold under pictures of

Union Jacks, which is tricking people into thinking that they are buying British when they are not. What specifically is being done to enforce honest country of origin labelling?

Jim Fitzpatrick: My hon. Friend makes an absolutely valid point. My right hon. Friend the Secretary of State has already pronounced that this is a nonsense situation. The matter was raised at the Agriculture Council last week in Luxembourg, and we are working as quickly as we can on it because we want exactly the same thing as she does.

T7. [283410] **Norman Baker** (Lewes) (LD): The Government rightly promote recycling, but is the Minister aware that Lewes district council's recycling levels have effectively been capped at 27 per cent. by East Sussex county council, which will not provide further recycling credits because it wants a waste stream to feed its incinerator? Is it not about time that East Sussex county council was pulled out of the stone age and that councils that want to recycle more, such as Lewes council, which believes it can increase recycling by 50 per cent., were allowed to get on with it?

Hilary Benn: If the hon. Gentleman would care to write to me with the details of the point that he has just raised, I will happily look at them.

Jane Kennedy (Liverpool, Wavertree) (Lab): May I urge my right hon. Friend to hold to his intention of responding to the consultation on the so-called replacement insecticide with a voluntary scheme that will be workable and achievable and which will demonstrate our willingness to trust the farming community, which shares our concerns about the impact of agriculture on the environment?

Hilary Benn: I will announce my decision very shortly, but as I indicated to the National Farmers Union conference this year—and as my right hon. Friend will be well aware—in the end, I do not have a fixed view about the means of achieving the goal that we all share, which was set out well by those on the Opposition Front Bench earlier. In the end, we want an effective scheme that will work and, generally speaking, if we can encourage people to take part, we will get better results.

Sir Patrick Cormack (South Staffordshire) (Con): From his meeting with the farmers of South Staffordshire earlier this year, the Secretary of State will remember the acute concern expressed about bovine TB. Has he rethought his policy on a badger cull?

Hilary Benn: No, I have not—I believe in being straight—because the evidence from where badger culling has been tried, as reported by the independent scientific group, was clear. However, we are working with the industry through the TB eradication group. In the end, the considerable amount of money that we are putting into vaccines will, I hope, offer a better way of dealing with the disease. We are looking to start the demonstration projects next year, subject to licensing, in the six areas that are being identified now.

David Taylor (North-West Leicestershire) (Lab/Co-op): Further to the previous question, as an MP for a rural area for 12 years, I regularly contact the NFU in my area to track its concerns. Indeed, I am seeing the NFU as part of that schedule at Oaks-in-Charnwood on Monday morning. High on the agenda will be bovine TB, which is showing worrying signs of spreading towards our area and thereby posing a threat to herds, farm incomes and, potentially, health. I want to take this discussion to my local farmers, so will my right hon. Friend elaborate a little on his answer to the previous question?

Hilary Benn: In the interests of time and in keeping with the spirit of topical questions, I would be happy to write to my hon. Friend with further details. In the end, this is about doing things that will work. No one would thank us if we did things that did not work, although I understand just how difficult it is for the farmers who are affected by bovine TB. The testing programme that we have put in place is, in large part, about trying to stem the spread to other areas of the country.

Mr. Michael Jack (Fylde) (Con): Further to the question that my hon. Friend the Member for Arundel and South Downs (Nick Herbert) asked about DEFRA's budget, could the Secretary of State tell us what informed his statement that his Department's budget would be reduced from 2011 and say when he will publish details of what that means for DEFRA and the people whom it serves?

Hilary Benn: I did not say what the right hon. Gentleman has just indicated. What I was referring to last week was the published figures—they have been out for some time, although I realise that it has taken other people a little while to see them—which show the change between 2009-10 and 2010-11. As he will be aware, there are no budget figures beyond 2010-11, because that would be the subject of a future comprehensive spending review. What we are doing, as indicated earlier by my hon. Friend the Under-Secretary of State for Environment, Food and Rural Affairs, the Member for Wansdyke (Dan Norris), is spending money efficiently. However, like him, I am a little loth to take advice from a party that would cut budgets across the piece now.

Mr. Brian Jenkins (Tamworth) (Lab): Will my right hon. Friend inform the House when Ministers last met the waste industry with a view to considering proposals to reduce the amount of packaging and waste produced, the amount of waste going to landfill and the amount going into the production of energy? If we reduce the amount going to landfill, we will have more for energy.

Hilary Benn: We meet representatives of the waste industry on a pretty regular basis. Indeed, as the Under-Secretary, my hon. Friend the Member for Wansdyke (Dan Norris) indicated in answer to an earlier question, we have seen progress in recent years in increasing the proportion of packaging being recycled. However, my hon. Friend is correct: the other part of the equation is about trying to reduce the amount of packaging that goes on goods in the first place.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): What steps is the Secretary of State taking to stop or at least mitigate the worst effects of the introduction of electronic sheep tagging, which will have a disastrous effect on the farmers and crofters in my constituency?

NFU Scotland is seeking a face-to-face meeting with Commissioner Vassiliou. Will the Secretary of State use his office to get NFU Scotland that meeting, so that it can put its concerns straight at the heart of matter?

Hilary Benn: As the hon. Gentleman will be aware, we have worked very hard to express the concerns of many people in the UK about the cost of electronic identification of sheep. He will also be aware of the changes that we have been able to get to the implementation of the directive under the slaughter derogation, and of the fact that the Standing Committee on Food Chain and Animal Health is looking at the idea of third-party recording, which would lift some of the burden that would otherwise fall on sheep farmers. I recently wrote to all my fellow Agriculture Ministers urging further support, and my hon. Friend the Minister of State raised the issue with the Commissioner at the recent meeting of the Agriculture Council.

Adam Price (Carmarthen, East and Dinefwr) (PC): As nationalisation is the flavour of the month, has the Secretary of State considered taking Dairy Farmers of Britain's dairies at Bridgend and Blaydon into temporary public ownership?

Hilary Benn: No, we have not. However, as I told the House last week, we indicated to the receiver that we and One NorthEast would be prepared to offer financial support to keep the Blaydon dairy open while an effort was made to find a management buy-out. Unfortunately, it was not possible to achieve that and, for that reason, the dairy closed.

Business of the House

11.30 am

Alan Duncan (Rutland and Melton) (Con): May I invite the Leader of the House to give us the forthcoming parliamentary business?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week will be as follows:

MONDAY 6 JULY—Opposition day [15th allotted day]. There will be a debate entitled "Young People in the Recession", followed by a debate entitled "ID Cards". Both debates will arise on an Opposition motion, followed by proceedings on the Consolidated Fund (Appropriation) (No. 2) Bill.

TUESDAY 7 JULY—Remaining stages of the Finance Bill (day 1).

WEDNESDAY 8 JULY—Conclusion of remaining stages of the Finance Bill (day 2).

THURSDAY 9 JULY—Motion to approve the draft Terrorism Act 2006 (Disapplication of Section 25) Order 2009, followed by motion to approve the draft Council Tax Limitation (Maximum Amounts) (England) Order 2009, followed by a topical debate, subject to be announced.

The provisional business for the week commencing 13 July will include:

MONDAY 13 JULY—Consideration of Lords amendments to the Political Parties and Elections Bill.

TUESDAY 14 JULY—Remaining stages of the Borders, Citizenship and Immigration Bill [*Lords*].

WEDNESDAY 15 JULY—Opposition day [16th allotted day]. There will be a debate on an Opposition motion, subject to be announced.

THURSDAY 16 JULY—Topical debate, subject to be announced, followed by a general debate on the climate change preparation for the Copenhagen conference.

I should also like to inform the House that the business in Westminster Hall for 16 July will be:

THURSDAY 16 JULY—A debate on the report from the Communities and Local Government Committee on housing and the credit crunch.

Alan Duncan: I thank the right hon. and learned Lady for giving us the business, and may I also thank her for at last getting this year's draft legislative programme published? But will she explain what on earth has happened to the Local Democracy, Economic Development and Construction Bill? The former Secretary of State for Communities and Local Government, the right hon. Member for Salford (Hazel Blears), championed it on Second Reading almost exactly a month ago, and resigned three days later. Two new Ministers turned up to steer the Bill through the Committee, one of whom, the hon. Member for Portsmouth, North (Sarah McCarthy-Fry), arrived on the first day from the Department for Children, Schools and Families, and left on the last day for the Treasury. Now we learn from the draft legislative programme that there is to be a local democratic renewal consultation. Do the Government plan to run this consultation concurrently with the Bill? If so, what is the point of a Bill that precedes consultation? If not, are Ministers so ashamed of the Bill that they simply plan to junk it altogether?

Will the right hon. and learned Lady tell us what has happened to the motion that she agreed to table to refer the question of privilege raised by the arrest of my hon. Friend the Member for Ashford (Damian Green) to the Committee on Standards and Privileges? We were led to believe that this should have happened this week or even last week. After many months, this delay is not just annoying; it is beginning to get a bit rude. Will she definitely confirm that the motion will be tabled without further delay?

Talking about delays, may we have a statement on the time taken by Treasury Ministers to reply to Members' letters? Apparently, in some cases, it has taken six months to get a response to what are often urgent constituency cases. That is shameful incompetence. I understand that the Ministers are all very busy trying to explain to the Prime Minister that there is no more money in the kitty, but may I ask the right hon. and learned Lady to remind them that their duty is to this House, and that Members who raise the plight of their constituents with them expect a prompt and full response?

Yesterday, the Prime Minister said:

"It would be wrong to have a spending review now... Because we are in the midst of a recession"—[*Official Report*, 1 July 2009; Vol. 495, c. 296.]

Yet later that day, No. 10 briefed that the Prime Minister had not confirmed a delay to the spending review. It is impossible to get a straight answer from anyone in the Government. Given that the Chancellor was forced to rebut the noble Lord Mandelson's suggestion earlier this week that the autumn statement would be binned, will the right hon. and learned Lady tell us who is telling the truth and whether the Government will publish their spending plans before the next election?

May we have an urgent debate on the plight of students from poorer families under this Government? In the Prime Minister's first week in Downing street, he said that teenagers from less well-off families would be guaranteed greater support at university. Now we learn from a written statement from the higher education Minister that the Government have totally backtracked on that pledge. Student grants are to be frozen, while tuition fees are to be increased. Is that not just a further indication that the Prime Minister is incapable of being straight with people and that his cuts in financial support will undeniably mean that poorer students will struggle to get through their degrees?

I received a letter this morning from the Chief Secretary to the Treasury on Equitable Life. He says—slightly ambiguously in the manner of writing, I have to say—that there will be a statement before the House rises to update us on the progress of Sir John Chadwick, but will the right hon. and learned Lady confirm that this will definitely be a full oral statement, which will allow the House the opportunity to question the Minister on the Government's plans to compensate those who have lost out? Does she appreciate that a written statement would be an insult to this House?

Finally, may we have a statement on vandalism in this House? Indeed, may we have an inquiry into who has been regularly defacing the Dispatch Box opposite me and in front of the right hon. and learned Lady? It would appear—I can see it from here—that the culprit strikes once a week with a black felt-tipped pen, and detectives have already noted that the gravest occurrence seems to be on a Wednesday each week at around

midday? Does the Leader of the House have any inkling of who the culprit might be, and is she prepared to reprimand him in the strongest possible terms?

Ms Harman: The hon. Gentleman asked me about privilege and what happened with the office of the hon. Member for Ashford (Damian Green). As he will remember, the House decided, following a request from the then Speaker, that a Speaker's Committee would be established to look into search powers and the arrival of police on House premises. It was decided to set up such a Committee, but not before the police action had concluded, since when the shadow Leader of the House has asked for wider questions relating to privilege and criminal proceedings to be looked at. Discussions are under way on whether a two-pronged approach, involving the Standards and Privileges Committee as well as the Speaker's Committee, may be necessary.

I have agreed with the hon. Gentleman that we should look more widely than at questions of search and seizure and take the whole question of privilege into account. What still needs to be finalised is whether we need the two Committees to achieve that or just the one. The shadow Leader of the House rolls his eyes, but I want to get right the number of Committees—not too many or too few—to deal with these issues.

We have agreed on the terms of reference, but we have not quite got there on the question of who should undertake the review. I hope and expect that we will get there in good time—possibly next week. With any luck, and if we can get agreement, we may not need a debate; we can just put it through on agreement, which is what I am aiming for. Sure as hell, if I put it through and get it wrong, there will be lengthy debates about it, which would be problematic. I know that the hon. Gentleman and all hon. Members will co-operate fully to achieve consensus so that we will not have to debate it further.

Of course Treasury Ministers are accountable to the House. It is important for there to be full accountability both in relation to parliamentary questions, written and oral, and in relation to letters from constituents. I know that the Deputy Leader of the House keeps a close eye on the issue of responses to questions, and I will look into the position at the Treasury.

Incidentally, what was said about Business Ministers' reply times confused the issue of letters from the public with that of letters from Members of Parliament. Obviously all letters should be answered promptly and effectively, but Members of Parliament must have priority.

The shadow Leader of the House asked about the spending review. As he will know, we have set out the plans for all Departments' spending until April 2011. In the past, they were informed of their spending only yearly.

As for students from poorer families, since we came to power we have made increasing access to further and higher education a massive priority, particularly in constituencies such as mine where, in some instances, no member of the student's family has taken part in it. In my constituency alone, there has been a 300 per cent. increase in the number of young people going into further and higher education. That is due to a combination of increasing investment from the public purse and increasing investment from students—they pay the money back, but only when they obtain jobs—as well as extra grants and loans. I think that our record in helping young people enter further and higher education speaks for itself, and I must point out that the Opposition have never proposed, or even supported, an increase in provision.

As the hon. Gentleman said, the Chief Secretary to the Treasury will update the House on Equitable Life. I cannot yet say what form the update will take, but I am in no doubt about the keen interest in the issue among constituents of Members in all parts of the House, and I shall make that clear to the Treasury.

Alan Duncan: And the vandalism?

Ms Harman: That is not a matter for business questions.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Many of our constituents rely on the services of Royal Mail, especially in rural north-east Scotland, and on the services provided by the Post Office. There has been a great deal of uncertainty and upheaval for both the Post Office and Royal Mail. We now hear that the Royal Mail Bill is finally dead, but what will the Government do to sustain the universal service and bring about the promised and much-needed reform of the regulator? Will another Bill be drafted in narrower terms to deal with the regulatory problems facing the Post Office?

The Leader of the House said—and I want to reinforce the point—that there should be an oral statement about Equitable Life from a Treasury Minister. It is rather worrying that it is not yet clear whether that will happen.

I am pleased that there is to be a debate on identity cards. I hope the Leader of the House will ensure that the Minister who responds to it will brief the House on just how much money has been wasted on them to date.

I hope that the Leader of the House has had a chance to study *Hansard* over the last three days. If so, she will have noted how difficult it was for Parliament to scrutinise the Parliamentary Standards Bill, and the trouble caused by the conflict with Parliament and privilege that resulted from its original drafting. Will she ensure that, when Lords amendments return to the House of Commons, there is plenty of time for them to be debated on the Floor of the House before the recess? It has not yet been announced when that will happen, but it is clear from the state in which the Bill left this House that a great many changes will need to be made in the House of Lords, and we must have time for them to be debated properly.

We will soon have a long recess in which Parliament will not be informed of events of national and major importance. Today, there is a major troop surge in Afghanistan. Will she make sure that the House is given a full briefing before we rise on the situation in Afghanistan and developments with that troop surge?

Ms Harman: The hon. Gentleman asks about Royal Mail. We remain concerned that there should be fairer arrangements between Royal Mail and private mail services, and about the unlevel playing field in regulation. That remains a problem, and it will need to be addressed. We are determined that the pension fund liabilities should be met. But, as the Secretary of State for Business, Innovation and Skills said in the Lords yesterday,

"market conditions have made it impossible to conclude the process to identify a partner for the Royal Mail on terms that we can be confident would secure value for the taxpayer. There is

[Ms Harman]

therefore no prospect in current circumstances of achieving the objectives of the Postal Services Bill." —[*Official Report, House of Lords*, 1 July 2009; Vol. 712, c. 222.]

The hon. Gentleman asked about Equitable Life. There is nothing surprising about my not yet being able to tell the House about the form of a statement that will be made to the House. It would be quite unusual to announce a week or so in advance whether something will be made by way of a written or oral statement. Obviously, I will convey to the Chancellor and Treasury Ministers the strength of feeling in the House. I raised the issue with the Chancellor this morning and keep him well aware of the concerns expressed by Members on both sides each and every week.

On ID cards, it is not a question of wasting money. Money has not been wasted on biometric passports, because the people who take out such passports have to pay for them. Public money is not wasted on biometric ID cards for foreign nationals; they are a thoroughly good thing that will help us to have secure borders. We can be clear with people that once their identity is established, they will be entitled to a visa and to come here without any problems. Airside ID cards will be proceeded with if Manchester and City airports choose to proceed on a consultative and voluntary basis, instead of the Government laying down how it should be done. We do expect that to proceed, so there will be no waste of money. If the hon. Gentleman is not clear, he can ask about it at Home Office questions next week. It is not too complicated to understand, even for him, challenged though he is on these issues. We are going ahead with the proposal on foreign nationals and his party has now, reluctantly, agreed with it. We are having biometric passports anyway and we are rolling out on a voluntary basis—*[Interruption.]* I will not repeat it, as the Speaker will rightly stop me. It is clear.

We had a programme motion on the Parliamentary Standards Bill. It is always difficult if we have to take action to deal with an issue of public concern. If we do not conclude the Bill by the time the House rises, we will not be able to return to it until October. We should use the summer recess to set up the authority, to recruit to it and to get it up and running, so that in the autumn we will no longer set or administer our own allowances, which will be done independently. There will be further time to discuss the Bill in this House if there are further amendments.

The hon. Gentleman makes important points about Afghanistan and I will look at the opportunities to have the discussions for which he has asked.

Several hon. Members *rose—*

Mr. Speaker: Order. I have a list of 27 Members seeking to catch my eye and I am keen to accommodate as many as possible, so, once again, I appeal to each hon. Member to ask one brief supplementary question, and, of course, to the Leader of the House to provide us with a pithy reply.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): Will my right hon. and learned Friend join me in congratulating Katrina London, Jason Addy and Paul Glanville on undertaking the mesothelioma awareness ride? It will cover 12,000 miles from Glasgow to Southampton, and today they arrive in London. The intention, of course, is to raise awareness of mesothelioma cancer, which is caused by exposure to asbestos, and at the same time to raise funds for the victims and to support the establishment of a national centre for asbestos-related diseases. Will my right hon. and learned Friend support the setting up of that centre?

Ms Harman: I congratulate Katrina, Jason and Paul on their mesothelioma awareness ride, and I congratulate my hon. Friend, who has probably done more than anybody in this House to raise awareness of this cruel disease, which mostly affects people through their workplace.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): May I take the right hon. and learned Lady back to a point made by the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith), which I fully support? The right hon. and learned Lady is meant to be the defender of this House, yet, rather shamefully, yesterday and the day before we allowed an unfinished and very untidy Bill to go through to an unelected Chamber with no further debate here at that point. As she will have seen when clause 10 was knocked out, some of us on both sides of the House were ashamed of what this House was presenting to an unelected Chamber for it to make decisions on our part. On that basis, will she ensure that when the Bill returns we do not have this guillotine, and we have one final chance to debate the measure in full with time to get it right?

Ms Harman: I make no apologies for what I hope—and expect, and will take action to ensure—for this Bill. It sets up an Independent Parliamentary Standards Authority so that our allowances are set independently rather than by ourselves, which is what the public want and expect and we all in principle agreed to. The Bill needs to be in and out of this House by the time the House rises. We listened to all the points made in the debate yesterday, and, indeed, acceded to many of them and voted on many others. The Bill was, therefore, changed as it progressed.

Kate Hoey (Vauxhall) (Lab): Will the Leader of the House find time next week for those of us who disagree with the Justice Secretary's decision to overrule the Parole Board on the Ronnie Biggs case to discuss that, given that we allowed hundreds of terrorists and murderers to go free in Northern Ireland, and we also allow murderers who have done much worse things than Ronnie Biggs to go free? The Justice Secretary overruled the Parole Board, which he could not do under today's law. Will the Leader of the House find a way for us to discuss this matter and bring it to the House's attention?

Ms Harman: The Justice Secretary was acting in compliance with the law as it relates to people who were sentenced at the time of the Ronald Biggs case. My hon. Friend is right that the system has changed for future cases, but it has not changed for cases of that age. The Justice Secretary made his decision based on the evidence in, and facts of, the case, and on legal advice and his own judgment acting in a quasi-judicial capacity. This is not a question of policy; it is a quasi-judicial judgment in the public interest on a particular case, so I do not think it is an appropriate issue for debate in the House.

Alistair Burt (North-East Bedfordshire) (Con): Bedford unitary council is preparing a bid for the improvement of its schools under the Building Schools for the Future programme while not knowing what the financial future of the programme will be because of the failure to provide a spending review. Crucial decisions that have to be made about the structure of schools are being made in the dark because of the absence of these figures. Will the Leader of the House use her position to convey to the Chancellor how important it is to have a spending review, so that these crucial decisions can be made in the full light of what the spending by the Department will be, as opposed to there just being empty political rhetoric about the future of schools' spending?

Ms Harman: As the hon. Gentleman should be aware, not only has there been unprecedented investment in schools over the past 10 years, but that investment is continuing this year and next year despite the fact that his own party has said it wants to cut spending this year and next year. He will also be aware that we are bringing forward capital spending across the two-year period up to April 2011. That is not only important for schools. It is also important for the construction industry to have that injection of public investment at a time when private sector construction has ground to a halt. Therefore, the hon. Gentleman can look forward to improving schools in his constituency.

Keith Vaz (Leicester, East) (Lab): May I, with great respect, take my right hon. and learned Friend back to the question of ID cards? It is a scheme that will cost £4.9 billion, and this week the Home Secretary announced a shift in policy. Would it not have been better for the Home Secretary to have made an oral statement to the House, rather than relying on the Opposition providing some of their time to discuss what is a very important issue that requires consideration not just by a Select Committee and individual Members during Home Office questions, but by the whole House?

Ms Harman: I have to say to my right hon. Friend, with respect—[Hon. Members: "Oh!"] Well, he was respectful to me, and I am returning the favour. The situation is that we are proceeding with biometric passports and with ID cards for foreign nationals. The only change, which I would not call a shift in policy, is for airside staff at two airports; instead of the Government putting a requirement on airside staff in this respect, it should be dealt with airport by airport in consultation with the people who work there and those running the airport. Therefore, the figure my right hon. Friend announced is not right at all, and we have always said that if we want to make them compulsory for people aside from foreign nationals, we will have to bring primary legislation before this House. Therefore, as my right hon. Friend can see, there is a small change in one part of the policy, but there is not a fundamental shift in the policy at all.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I rise to request a debate in this House on behalf of the farmers of Exmoor on the digital mapping system that the Rural Payments Agency uses to allocate money to farmers. The agency has got it wrong for the third year running. This is now becoming beyond a joke. Why can we not get this mapping correct? We can read papers from space, so why can we not get field outlines right? Farmers are getting sick to the back teeth of this. Please may we have a debate on it? It is a disaster across the United Kingdom, but especially in places such as Exmoor where fields are not openly defined.

Ms Harman: I do not know whether the hon. Gentleman tried to ask that question in Department for Environment, Food and Rural Affairs questions, but if he was not able to be present for them I shall draw his comments to the attention of Ministers.

Mr. Gordon Prentice (Pendle) (Lab): My Friend told us that we can expect to have the Lords amendments to the Political Parties and Elections Bill on Monday 13 July. When will Third Reading be held in the Lords, and will the Government seek to reverse the amendment that would stop tax exiles bankrolling political parties?

Ms Harman: When the Bill returns to this House on Monday 13 July, the Justice Secretary will set out the Government position on amendments made by the Lords.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I want to thank the Leader of the House for the answer she gave me at last week's business questions, when she said my point about the scrutiny of Government Bills being House business was valid; I am grateful for that. She also said she would do two things that I asked of her. First, she said she would consult proposed members of the Wright Committee about the terms of reference before re-tabling. As I understand it, agreement has been reached, and it would be useful if she indicated when she is likely to do this. It would also be good if she could go through the motions of consulting those of us who are on the Committee, although I do not think there is a controversy. Secondly, she said she would consult people about her plans—

Mr. Speaker: Order. May I gently say to the hon. Gentleman, who is an extremely experienced and assiduous parliamentarian, that this in danger of becoming an essay question, rather than a question?

Dr. Harris: The other thing that the right hon. and learned Lady said she would do was consult on how she would handle the Report stage of the Equality Bill, to ensure that we fully debate all the matters that the House would wish to debate.

Ms Harman: For the Wright Committee, the House will recall that we put forward terms of reference and amendments were tabled by those in all parts of the House expressing the view that those terms should be wider. As we wanted to go about this business in a consensual way, we withdrew the resolution and we have drawn up some new terms of reference that incorporate the spirit of the amendments. We will not be going through the motions of consulting those who will play an important part in this process by serving on the Committee—we will actually consult them. As with the question of privileges, I hope that we will be able to reach agreement and not need a debate on this. I am also aware that once it is established, the hon. Members on the Committee will want it to sit in September, and will want to get the work under way before the House rises, so I shall get my skates on.

Ms Sally Keeble (Northampton, North) (Lab): I give a warm welcome to the consumer White Paper, which contains proposals on consumer credit and debt that are very important to our constituents. Can my right hon. and learned Friend understand the frustration that some of us feel at the fact that the lead Minister on this important subject is in another place? When will this House get an opportunity to question Ministers about these important proposals that affect our constituents so closely?

Ms Harman: A written ministerial statement on that matter was tabled in the House this morning, and I thank my hon. Friend for her words of welcome. Of course, there are Ministers responsible to this House as well as Ministers responsible to the other place, so I will draw her points to their attention.

Mr. Andrew Mackay (Bracknell) (Con): Would the Leader of the House find it helpful to invite her Cabinet colleague the Secretary of State for Communities and Local Government to make a statement next week about her policy on equality, bearing in mind the speech that he gave to the Fabian Society yesterday?

Ms Harman: The Equality Bill is in Committee, and what it will do is very important indeed. It will ensure that we tackle age discrimination—discrimination against older people on the grounds of their age will be outlawed—and pay discrimination against women. It will ensure that we make progress on a range of other issues, and it will also ensure that all public authorities, be they local government authorities, health authorities or Departments, and indeed Ministers, play their part in ensuring that this country is a more fair and equal society. That Bill has the support of the whole Government, albeit not the support of the whole House. Unfortunately there is a division on the Bill—*[Interruption.]* It is not between those of us in the Cabinet; it is between us and the Conservatives, who declined to give the Bill a Second Reading.

Patrick Hall (Bedford) (Lab): In the light of the Government's welcome announcement yesterday about the National Express east coast franchise, will the Leader of the House make time for this House to debate and reflect on the many issues arising out of that decision, which I believe have relevance to the national railway network as a whole?

Ms Harman: I know that this is an important issue for my hon. Friend and his constituents. A statement was made on it yesterday, and no doubt the House will be kept informed of any further changes.

Tony Baldry (Banbury) (Con): The "Building Britain's Future" White Paper, which was published earlier this week, states in terms that

"the Government hopes that time will also be available in each House to debate this document."

As responses have to be in by 21 September, can the Leader of the House tell us when we will have an opportunity to debate the White Paper? We were promised such a debate in the White Paper itself. That substantive document contains a lot of detail and I hope that we will have a two-day debate on it. If not, all we shall get is, as it says,

"Ministers...taking part in regional events".

That would, in effect, be a pre-general election publicity stunt, with Ministers going around the country, rather than providing us with an opportunity to debate what is proposed.

Ms Harman: The Prime Minister made an oral statement on this, and thus provided at least an opportunity for hon. Members to ask questions not only on the broader document, but on the draft legislative programme. I believe that this is the third year running that instead of keeping the Queen's Speech completely under wraps and springing it on people towards the end of the year, we have set the contents of it out so that people can join in the debate, respond and give their comments. As for discussion of the White Paper in the House, if there is anything further to be announced I shall bring it forward when we next have business questions.

Mr. Eric Martlew (Carlisle) (Lab): May I ask my right hon. and learned Friend whether she will find time for a debate on changing the procedures of this House? Can we have a debate on allowing Secretaries of State who are Members of the House of Lords to come to this Dispatch Box to make statements and answer questions? Yesterday, a statement was made in the House of Lords about the east coast main line and four hours later it was made in the Commons by a very able but junior Minister—that cannot be right.

Ms Harman: The timing of that statement was dictated not only by the difference between the Lords and the Commons timing and scheduling of business on Wednesdays, but by market sensitivity and the need to say something before either the House of Lords or this House was sitting, because of market information. Obviously we try to ensure that we bring information to the House as soon as possible. This was a question of balancing the need to ensure that very important and controversial House business was not interrupted by the need to ensure that the House had an opportunity to question the transport Minister. I understand the concerns, but I do not think that there was any easy solution to the situation yesterday.

Angela Watkinson (Upminster) (Con): Havering sixth-form college has received the devastating news that it will not receive any Learning and Skills Council funding for its capital project, on which it has already spent £6 million on enabling works. Could we have an urgent debate on how Havering's college and the many others up and down the country can be helped to reverse the enabling works and to be able to operate efficiently from the beginning of the autumn term?

Ms Harman: Ministers, including the Prime Minister, have been keeping the House up to date with the concerns about the LSC's administration of issues relating to sixth-form colleges and further education colleges. Despite a substantial increase in capital investment, there has been uncertainty where there should not have been any, and some plans have been interrupted. Work is under way to ensure that we can take forward the important higher education programme as speedily as possible; no doubt that will apply to Havering college too.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Could we have a debate on how best we can improve sporting facilities for constituents throughout the country? My right hon. and learned Friend will be aware that we

have just had a very successful Olympics, but many of the successful athletes were dependent on private finance and private facilities. The same can be said of Andy Murray, who had to travel abroad to develop his skills—and I am sure that the whole House wishes him every success. Although we have made progress, there remains ample room for improvement.

Ms Harman: My hon. Friend will know that there has been a big increase in capital investment in sporting facilities and a big sports improvement programme in schools throughout the country and in specific sporting facilities in after-school clubs and generally in leisure centres provided by councils and others. I am sure that the whole House agrees with him about sending our best wishes and good luck to Andrew Murray.

Damian Green (Ashford) (Con): I was dismayed to hear the Leader of the House say earlier that her response to the police incursion into my office without a warrant, and with the apparent connivance of the House authorities, was to continue to dither. I was cleared three months ago, and the previous Speaker said that he now wanted the Speaker's Committee provided for by a motion of the House to be set up, because he wanted to give evidence to it about what had been said to him at the time. Can she at least give us a commitment that by next week she will have come to a conclusion about this matter? Frankly, this delay is disgraceful for this House.

Ms Harman: I can say to the hon. Gentleman that there would not have been a delay but for the fact that his hon. Friend, the shadow Leader of the House, asked me to include some extra issues—

Alan Duncan: Rubbish!

Ms Harman: He actually asked me to make a reference to the Standards and Privileges Committee about the privilege issues surrounding the case of the hon. Member for Ashford (Damian Green); that was in addition. Had we gone ahead with the initial issue that the House resolved upon at the former Speaker's request, we could have been in there, this could have been sorted out and we could have been doing it, but I wanted to listen to what the shadow Leader of the House had to say.

Alan Duncan: You should be ashamed of yourself.

Ms Harman: I responded to what the hon. Gentleman had to say, so I have been considering whether we should have two committees. There would not be any point in setting up one Committee and then needing a further House resolution to add to its terms of reference. *[Interruption.]* I have to say that my inclination to listen to the shadow Leader of the House in good faith is dwindling. I am trying to get this Committee set up in the terms that he wants. It was his suggestion and I acquiesced, although I did not think that it had massive merit. Because I am a forbearing and generous person, I agreed to it, but we are still trying to sort it out.

Albert Owen (Ynys Môn) (Lab): In that generous spirit, will the Leader of the House agree to a debate on the impact that the recession is having on the UK tourist industry? Although it is a resilient and important industry, employment levels are suffering, and it needs support to deliver the quality product that visitors expect.

Ms Harman: I agree that that is a concern for my hon. Friend's constituency and for the tourist section of the Department for Culture, Media and Sport, and I will bring his comments to the attention of Ministers.

Pete Wishart (Perth and North Perthshire) (SNP): May we have a debate on how current immigration policy impacts on widows and widowers? My constituent Nidhi Singh recently had to return to India from Perth with her two small children following the tragic and untimely death of her husband, just a few months short of securing permanent right to remain in the UK. Surely the right hon. and learned Lady finds that discriminatory and unfair. The Obama Administration recently issued an order to stop all deportation action against widows. When may we expect something similar here in the UK?

Ms Harman: Cases such as that of the hon. Gentleman's constituent are dealt with on a case-by-case basis. Hon. Members can ask Ministers to intervene and exercise their discretion if the legal process has not produced a result that they consider fair. As far as the policy is concerned, the hon. Gentleman can raise it at Home Office questions on Monday. If his constituent remains in the country, he can seek a meeting with the relevant Minister to raise the issue personally.

Mr. David Drew (Stroud) (Lab/Co-op): I, for one, welcome the demise of the Bill to privatise Royal Mail. I ask my right hon. and learned Friend to talk to the Business Secretary about some of the work practices now operating among our glorious postmen and women. It would be a pyrrhic victory indeed if they were worked to death by changes to rounds, a ban on overtime and the other vindictive practices being introduced.

Ms Harman: Obviously we want to ensure good relations between management and the work force in all areas of the Post Office and Royal Mail, as well as investment and modernisation to enable them to do their work.

I am afraid that I omitted to answer the part of the question asked by the shadow Leader of the House about the Local Democracy, Economic Development and Construction Bill, which came out of Committee on 18 June. The Report stage will be held later in this Session, but there has been pressure on dates because of the three days that we had to spend on the Parliamentary Standards Bill.

Mr. Peter Bone (Wellingborough) (Con): My right hon. Friend the Member for Witney (Mr. Cameron) has shown great leadership in strengthening the role of Back Benchers by allowing Conservative Back Benchers in Committee to vote against the Whip. Yesterday, more than 20 Labour Members voted against the Whip in Committee of the whole House and defeated the Government. May we have a statement on whether the Government are following my right hon. Friend's lead?

Ms Harman: That is not a matter for business questions.

Barry Gardiner (Brent, North) (Lab): May we have a debate on entry clearance operations? Many hon. Members make detailed representations to the UK Border Agency so that refusals of visas can be reviewed. There is a

[Barry Gardiner]

growing tendency for Members to be told simply that refusals have been upheld, without any attempt to address the arguments that they have made. In some cases, MPs' representations have not even been passed on to the post for entry clearance officers to consider. Will my right hon. and learned Friend ensure that that abuse is stopped?

Ms Harman: That would be an important point for my hon. Friend to raise in Home Office questions next week.

Dr. Julian Lewis (New Forest, East) (Con): May we have a statement, or at least something in writing, from a Culture, Media and Sport Minister on the question of what duties journalists have to disclose their credentials when challenged? That would help three of my nearest neighbours, who yesterday were surprised to encounter a person purporting to be a journalist who was trying to find out information about my constituency home. That person refused to give their identity or the name of their newspaper. When asked why they were trying to contact me at home when I must be up in Parliament, they turned tail and ran from the scene. Such harassment of our neighbours, if not of ourselves, needs some attention.

Ms Harman: The hon. Gentleman may wish to draw that issue to the attention of the Press Complaints Commission. If that was indeed a journalist, the media organisation for which they work will be subject to regulation by the PCC, and it should be prepared to look into the matter and take action.

Martin Linton (Battersea) (Lab): Will the Leader of the House find time for a debate on the Prime Minister's proposal to give extra housing points for years on the waiting list? In my constituency—perhaps also in hers—sons and daughters can almost never afford to rent or buy anywhere near their parents. They may never get enough points for a transfer or a move into social housing, no matter how overcrowded their homes are. This proposal would give hope to many people who have been told time and again that they have no chance of a place of their own.

Ms Harman: Despite the billions of pounds of investment over the years, which has helped council and social housing tenants in my hon. Friend's constituency and mine live in homes of a decent standard, and despite more building of homes, there is still a great shortage across the country. That is why the programme in "Building Britain's Future" for building more council and housing association homes is so important. As for the management of those applying for council or social housing, my hon. Friend will know of the House of Lords decision that clarified the fact that it was possible for councils to take into account not only need but length of residence in an area and time on the list. New guidance will be issued to make it clear to councils that they can do that.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Will the Leader of the House read the *Hansard* report of yesterday's 30-minute debate in Westminster Hall on the Government's response to the Archer inquiry and the victims of contaminated blood products? A substantial number of hon. Members attended the debate, notwithstanding its short duration. Will she take that as evidence of the need for a proper debate in this Chamber that can be attended by other hon. Members, such as myself, who would have attended that debate yesterday if we had not been here dealing with the Parliamentary Standards Bill? The victims of contaminated blood have been treated shabbily, and if we do not allow them the opportunity to ventilate their concerns fully we risk becoming complicit in that shabby treatment.

Ms Harman: There has been an increase in compensation for those who have had the great misfortune to be infected by contaminated blood. I will certainly read the *Hansard* report, as the hon. Gentleman suggests, and consider how the issue can be further debated in the House.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My right hon. and learned Friend may recall that on Tuesday the issue of the boat carrying emergency supplies to Gaza that was seized by the Israeli forces was raised. One of my constituents was on that boat and I raised the issue with a Foreign Office Minister later that day. A total of six Britons are believed to have been on the boat when it was seized. Can she arrange for a Minister to give an update to the House, or at least to the Members concerned?

Ms Harman: I will ask the Foreign Secretary to write to my hon. Friend with an update, and to place a copy of the letter in the Library so that other hon. Members can see it.

Mr. Philip Hollobone (Kettering) (Con): Further to the question posed by my right hon. Friend the Member for Bracknell (Mr. Mackay), may we have a debate in Government time on the Floor of the House entitled "The Government's alienation of the middle classes"? Perhaps it could be opened by the Secretary of State for Communities and Local Government, so that he could expand on his reported thesis that the Government's approach to egalitarianism is badly out of step with the majority of the population.

Ms Harman: I think that the majority of the population believe that it is better to have a fairer and more equal society—one in which people's lives are not blighted and marred by bigotry and discrimination, whether on grounds of sexual orientation or reflecting unfairness towards women at work, unfairness on grounds of race or unfairness caused by the different start that people have by virtue of where they were born. We make no apologies for that agenda. We have put it in the Equality Bill, and it is disappointing that the Opposition declined to support the Bill on Second Reading. We are pressing on with it.

David Taylor (North-West Leicestershire) (Lab/Co-op): As one of 30 Co-operative MPs in this place, may I draw my right hon. and learned Friend's attention to the fact that this Saturday, 4 July, is the United Nations international day of co-operatives? May we have a statement, or perhaps a short debate, on the value of the co-operative movement, whose objectives include

international solidarity, economic efficiency, equality and world peace? The Secretary of State for Children, Schools and Families is a prominent Co-operative MP in this place. May we have a debate on this issue, which is important to many people, not only in this country but internationally too?

Ms Harman: I will look and see what opportunities there might be; that could be a subject for a Westminster Hall debate.

Speaker's Statement

12.21 pm

Mr. Speaker: I would like to make a short statement on two matters. First, the House is served by three outstanding Deputy Speakers, but my election was an indication that the House was ready to accept change. In a modern democracy that puts Parliament first, I am convinced that the choice of such office holders should be determined not by consultation but by the process of election. By convention, and as supported by the Procedure Committee in 2002, the combination of the Speaker and three Deputy Speakers should be drawn equally from the Government and Opposition Benches. A change now is therefore appropriate. Accordingly, I am proposing that a ballot or ballots should be conducted in the House to choose one Deputy Speaker from the Opposition side and two from the Government side of the House. I have consulted the usual channels and I hope to bring that about shortly after the House returns in October.

The second matter that I wish to mention is the speed of answering written parliamentary questions, which I know is a matter of considerable concern to the House, and especially to Back Benchers. Such questions, and timely answers to them, are an important means by which this House calls the Government of the day to account. I will today be writing to all Ministers in this House to ask them to ensure that the backlog of written questions that remain unanswered is cleared before the recess. I am also setting in hand work on a system of tracking the timeliness of answers so that information will be available to Ministers, Members and those outside this place whom we serve on which questions remain unanswered and the delay in each case. I will have more to say to the House on this matter after the recess.

Mr. Simon Burns (West Chelmsford) (Con): On a point of order, Mr. Speaker.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): On a point of order, Mr. Speaker.

Mr. Speaker: I gently remind the right hon. Gentleman and the hon. Gentleman that, as I think that they will know on reflection, points of order come after statements.

Swine Flu Update

12.23 pm

The Secretary of State for Health (Andy Burnham): With permission, Mr. Speaker, I should like to make a statement on the AH1N1 swine flu pandemic.

As of today, there are 7,447 laboratory confirmed cases of swine flu in the UK. A significant number of people have been hospitalised. Three people, all of whom had underlying health problems, have, sadly, died. Since the first UK case was confirmed on 27 April, health protection officers, NHS staff from across the UK and Department of Health officials have been leading the fight to contain the virus.

Last week we started to see a considerable rise in swine flu cases, and the emergence of hot spots in London, the west midlands and Scotland. Since then cases have continued to rise significantly. There are now, on average, several hundred new cases every day. This creates challenges on the ground and pressure on services, but the response from the health community has been tremendous. I hope that the House will join me in putting on record again our sincere thanks to staff in the Health Protection Agency and the NHS, and to general practitioners and all those who work in primary care.

Our efforts during the containment phase have given us precious time to learn more about the virus, to build up antiviral and antibiotic stockpiles and to start to develop a vaccine. We have always known it would be impossible to contain the virus indefinitely, and that at some point we would need to move away from containment to treating the increasing numbers falling ill. That is why last week I announced the move to outbreak management. That gave hot spots, where there is sustained community-based transmission, more flexibility to deal with the virus.

Scientists now expect to see rapid rises in the number of cases. Cases are doubling every week, and on this trend we could see more than 100,000 cases per day by the end of August—although I stress that that is only a projection. As cases continue to rise, we have reached the next step in our management of the disease. Our national focus should be on treating the increasing numbers affected by swine flu. Based on experts' recommendations and with the agreement of Health Ministers across all four Administrations, I can today tell the House that we will move to this treatment phase across the UK with immediate effect.

That will mean that in England the Health Protection Agency will take a step back and primary care will take the lead in diagnosing and distributing antivirals. There will be an immediate end to contact tracing and prophylaxis in all regions, GPs will now provide clinical diagnosis of swine flu cases rather than awaiting laboratory test results, and primary care trusts will now begin to establish antiviral collection points where necessary. The new approach will also mean a move from the daily reported figures of laboratory confirmed cases from the Health Protection Agency to more general estimates of spread.

Our policy on schools is that they should not close because of individual cases of swine flu but that they could close if the particular local circumstances warranted it. For example, there might be grounds for closure if a significant number of pupils or teachers are ill, or if it is a special school with particularly vulnerable pupils. The HPA will advise on outbreak control issues as usual, and closures will be reported to the Department for Children, Schools and Families.

I must report to the House that the Civil Contingencies Committee has had lengthy discussions, drawing on expert scientific advice, about who should be treated with antivirals if they contract swine flu. Health Ministers across all four Administrations have noted clear scientific advice that the majority of cases in the UK so far have not been severe, with those catching the virus making a full and fast recovery. However, a minority of people here and overseas have had more serious illness and some have died.

As we move into the treatment phase, Ministers have considered whether we should continue to offer antivirals to all patients displaying symptoms or whether a more targeted approach should be adopted, focusing on those most at risk of becoming more seriously ill. When very little was known about the disease—especially given the reported fatalities in Mexico—using antivirals prophylactically was sensible to protect people, and may have helped to contain the initial spread of the disease.

During the containment phase, experts have had time to study the virus. Some experts now suggest that since the virus has proved largely mild, antivirals should be used only to treat those in designated higher-risk groups—that is, those who are more susceptible to developing serious illness or complications. Those are all the groups at risk from seasonal influenza, plus pregnant women and children under five. The experts argue that overusing the drugs can increase the chances of antiviral resistance and expose too many people to the risk of side effects from the medicine.

The scientific advisory group for emergencies—SAGE—says that, on balance, the science points towards a targeted approach, but it acknowledges that this is a "finely balanced" decision. Expert advice points to the fact that, as this is a new virus, its behaviour cannot be predicted with certainty. Swine flu is different from seasonal flu in that most serious illnesses have been in younger age groups, as happened in all three 20th-century influenza pandemics. A doctor faced with symptomatic patients cannot yet predict with certainty the course of their illness and whether or not they will be in the small proportion who may become more seriously ill.

Given that, we have decided to take a step-by-step approach. That means that, as in the outbreak-management phase, we will continue to offer antivirals to all those who have contracted the illness. However, it remains a matter of clinical discretion to decide whether antivirals should be prescribed in individual cases, particularly in circumstances where doctors are likely to be contacted by patients with coughs and colds and by the worried well, in addition to those with swine flu. Expert advice emphasises the high importance of treatment with antivirals of those in the higher risk groups. We will therefore issue clear guidance to doctors to ensure that those at higher risk get early priority access to antivirals.

I acknowledge that this is a cautious approach. Many people will be able to recover from swine flu without the need for antivirals and they may therefore choose not to seek treatment. However, we are much closer to the time when we will receive the first doses of the pandemic flu

vaccine that will potentially offer high protection. In the meantime, it is prudent to use our only current measure against the virus— antivirals—to the maximum effect. The science indicates that, as we discover more about the virus and develop a more precise categorisation of risk groups, we are likely to reassess our approach and move to a more targeted use of antivirals. We will keep the matter under review, with advice from SAGE, and will update the House as and when necessary.

Today, we will set out the new arrangements in a short guide which will be e-mailed to NHS staff and made available online for the public. I know that local GP surgeries and hospitals, particularly in hot-spot areas, are coming under increased pressure. It is important that we do everything we can to reduce the strain on local health services, so we will begin to establish and use alternative routes for people to receive treatment. Initially, that will be via www.nhs.uk or the swine flu information line. Subsequently, it will be via the national pandemic flu service.

So, if people think they have swine flu, they should first go online and check their symptoms on www.nhs.uk or call the swine flu information line on 0800 151 3513. If they are still concerned, they should then call their GP, who can provide a diagnosis over the phone. If swine flu is confirmed, they will be given an authorisation voucher that someone who can act as a flu friend can take to an antiviral collection point to pick up antivirals. The collection point may be a pharmacy or a community centre.

As cases increase still further, we will move to a system whereby cases are diagnosed and dealt with by the national pandemic flu service. That will take the pressure off GPs by allowing people to be diagnosed and given their antiviral vouchers either online or via a central call centre. I can tell the House today that preparations are now at an advanced stage, and that we expect the service to be ready when it is needed. At that point, if people have swine flu symptoms they should go on to the national pandemic flu service website, or ring the dedicated call centre.

Finally, I should like to update the House on vaccines. We have now signed contracts to secure enough vaccine for the whole population. We expect the first batches of vaccines to arrive in August, with around 60 million doses—enough to vaccinate 30 million people—available by the end of the year and more following that. Administering vaccines will need to be prioritised, and we will make a decision on that when we know more about the risk profile.

Most cases of swine flu have not been severe and we are in a strong position to deal with this pandemic. However, we must not become complacent and, while doubt remains about the way that the virus attacks different groups, today's decision on the move to the treatment phase reflects our caution. I commend this statement to the House.

Mr. Andrew Lansley (South Cambridgeshire) (Con): I am sure that the House is grateful to the Secretary of State for the further update. I am grateful to him for the regular opportunities that he has allowed to discuss the matter, and I dare say that that view is shared by the Liberal Democrats.

I want to join the Secretary of State and the rest of the House in extending our condolences to the families of those who have died. I should also like to express again our gratitude to NHS staff in the pathology laboratories and primary care, as they are under increasing pressure, especially where there are a lot of cases. I am also grateful to general practitioners: sometimes in the past they have felt that Health Ministers have engaged in too much GP-bashing, but we now appreciate how much we need them. Given that we are in the middle of a heat wave, primary care is coming under considerable pressure.

The Secretary of State will know that we supported the strategy of containment. It has had some success but it is no longer realistic to try to sustain that strategy across the country and we therefore support the move to a treatment strategy. However, given that the disease is less severe than we anticipated—it could have been a great deal worse—it is important that we do not engage in the wide-scale prophylactic use of antiviral drugs.

The Secretary of State knows that we agree with the proposal that treatment should be offered to all patients, and not just to those in the at-risk groups. About a quarter of fatalities associated with swine flu in the United States were among patients who were not at risk and did not have underlying conditions. Given the availability of antivirals in this country, and the potential to make them available to symptomatic patients, there is no reason why patients who need them and who might go on to have severe or even fatal complications should not be offered them.

We agree with the Secretary of State that there should be a presumption against automatic school closures: even so, risk assessments clearly should be made. They should cover classes and year groups but, as we go into the autumn, they should also take account of the pressure on the local health economy. If that pressure becomes very great, there might be a case for trying to prevent the rapid spread of the virus through schools, but that may require some future modelling.

Some of what should be in place according to the contingency plans for the pandemic phase is not ready. The Secretary of State has replied to a letter that I sent on 15 June, and I am grateful for that, but his response does not answer some central questions. He seemed to say that there was no national pandemic flu line because the antiviral distribution arrangements were not in place, but he went on to say that the antiviral distribution arrangements were not in place because the national pandemic flu line was not ready. I am afraid that that is not good enough: both were supposed to be ready by the time that the pandemic phase occurred, and they are not ready. I ask the right hon. Gentleman again: why is the national pandemic flu line not available now, when the Department said that it would be? He says that it will be ready when it is needed but, technically and according to the contingency plan, it is needed now.

Moreover, the primary care trusts are supposed to have antiviral collection points for the whole population available within seven days of a move to a treatment strategy. Can the Secretary of State therefore confirm that antiviral collection points will be available a week from today?

The Secretary of State's predecessor wrote to me at the end of April to say that the Department was

"working urgently to accelerate the procurement process"

in relation to the acquisition of a national stockpile of antibiotics. Where there are difficulties and complications, especially with infection, treatment often requires antibiotics

[Mr. Andrew Lansley]

rather than antivirals. Will the Secretary of State say when that antibiotic stockpile will be required? How large is it? The national modelling suggested that we needed enough for 14 per cent. of the population, but what is he aiming for?

Is the face-mask stockpile in place? Can the critical care capacity be increased rapidly? What are the criteria now for the cancellation of elective operations? The Secretary of State has made a projection that there will be 130,000 cases a day, and that would be consistent with up to 2,000 hospitalisations a day by the autumn—a figure that would create very considerable pressure on hospitals.

Vaccination may begin quite soon, in September. Will the Secretary of State therefore publish for debate the Government's proposals for prioritisation for vaccinations?

Finally, we may not have an opportunity to debate this matter in the House over the recess. With that in mind, will the Secretary of State and the House authorities look for a mechanism to allow virtual statements to be made in that period? The right hon. Gentleman could put up a statement with a few hours' notice and hon. Members, on behalf of our constituents, could ask questions and get answers in real time.

Andy Burnham: I thank the hon. Gentleman for the measured tone of his remarks, again, and for all his advice as we go along. I am grateful to him for the helpful discussions that we have had. I am particularly grateful for two points today. I welcome his support for moving to the treatment strategy and the timing of that move. He and I agree that the pressure on the system is such that it is the right time to take this step, and I think that it will be welcomed across the NHS. I also welcome his statement that he agrees with the cautious approach that we have outlined in the statement that antivirals should be offered to all those who display symptoms.

The House will have heard over the years, as we have prepared for this eventuality, how steps were taken by the Department of Health to put us in the strongest possible position to plan and face any outbreak of a flu pandemic, and because of that preparation we can use the stockpile of antivirals to offer that cautious approach. As I said in my statement, as the availability of the vaccine comes on line, pressure on the antiviral stockpile will obviously be relieved. So we think that that approach is prudent, although I say again that the science points us to a more targeted use of antivirals. In discussion with colleagues in the devolved Administrations, I felt that now was not the right time to go, given that SAGE said that the decision was "finely balanced." We need to know more and we need to have more conclusive evidence before taking a move of that kind.

I further welcome what the hon. Gentleman said about the policy on school closures. It is worth pointing out that many schools in Scotland, Wales and Northern Ireland have already broken up for the summer, and that in itself may help us to control the spread of the illness in those countries. The policy has to be judged locally—a decision has to be taken on the ground—and I assure him that, if there are concerns and grounds to close, although it is the job of the Health Protection Agency and others to advise, it is the job of the head teacher and the school governing body to take the final decision about any school closure.

The hon. Gentleman asks about the flu line and the readiness of antiviral collection points around the country. I can confirm that, through strategic health authorities that have been working with PCTs, we have now in place sufficient collection points that can be stood up within seven days. So I can give him the assurance that he sought. Obviously, we can also activate the interim pandemic flu service within a short time frame. That point has not yet been reached, but I can assure him that we will update the House on that issue over the coming days.

The hon. Gentleman asks about access to antibiotics and the size of the antibiotic stockpile. We are on track to have sufficient antibiotic stocks to cover 31 per cent. of the UK population, which equates to 19.6 million courses, by the end of September, with the stockpile having reached over 10 per cent. of the population—6.2 million courses—by mid-June. He has challenged on that point a number of times; he is absolutely right to do so. I will continue to update him on it. Of course, antibiotics may be needed to treat some of the most common complications of flu, including bacterial infections of the respiratory tract and lungs. It is important that anyone who thinks that they are in danger of developing such complications should get in touch with their GP.

I want to make a couple of final points. The hon. Gentleman asks me whether we can debate prioritisation. I will have to reflect on whether a debate in the House is the right thing to do. At all times, we should be led by the guidance from SAGE and the experts. I can assure him that we will bring our conclusions to the House. Indeed, if there is a measure of debate about them, I do not think that that would be a bad thing, but I do not want to give a commitment to hold a debate on the Floor of the House, when we are obviously dealing with a fast-moving situation.

Lastly, as was raised during Prime Minister's questions yesterday, there needs to be a mechanism so that we can continue to update both Front-Bench teams and hon. Members on both sides of the House over the summer. Perhaps we need to find a way—perhaps through the Speaker's Office, or some other mechanism—whereby we can get virtual statements, as he referred to them, to any hon. Member who wants one.

Sandra Gidley (Romsey) (LD): I start by offering apologies from my hon. Friend the Member for North Norfolk (Norman Lamb), who is unable to be here today. He asked me to thank the Secretary of State and his predecessor for keeping him fully informed throughout the progress of the flu pandemic. I should like to add my thanks for the advance notice of today's statement.

I, too, should like to thank the NHS staff who have been dealing with the illness and all those at the Department of Health who have been providing support to others behind the scenes and burning the midnight oil—they do not get praise very often. We, too, welcome the cautious approach that the Secretary of State is taking to these matters. It is a difficult decision—a finely balanced one—but we support him in the conclusion that Ministers have reached.

I have a short list of questions, which are designed both to be constructive and to elicit more information. First, at the moment, all who have contracted the illness will be offered medication, but that could change to its provision to at-risk groups only. The Secretary of State

did not mention the position of NHS staff. It seems to me that particularly front-line staff in hospitals are a special case, so has any different consideration been given to providing prophylactic measures for those staff and are they being offered any special treatment? What contingency plans are in place if flu affects the availability to work of large numbers of front-line staff?

What assessment has the Secretary of State made of PCTs' preparedness? My hon. Friend the Member for North Norfolk has asked in the past for details of preparedness to be published, and it would be helpful if that was done. My understanding is that some PCTs have made excellent preparations and others less so. What measures are being taken to bring the less proactive PCTs up to speed?

Are sufficient stocks of Tamiflu left to meet predicted demand? Is there any clarity about whether the hot weather has affected the spread of the virus in any way, or has it had the opposite effect?

With regard to information, the Secretary of State mentioned the hotline, but he will probably recall that most households received leaflets earlier in the year at the beginning of the outbreak. I suspect that many householders will have thrown away those leaflets, which provided a useful range of information. So are there any plans to re-leaflet or to run a wider media campaign, so that people can be informed about the outbreak? Will the e-mail to NHS staff include pharmacies that are contracted to the NHS?

I have a couple of questions about collection points. Has any special consideration been given to the more rural areas, which very often rely on dispensing GPs? I suggest that it is probably not the best idea to have even flu friends or other possible contacts descending on dispending doctors' surgeries. So has any thought been given to such access in rural areas?

There has been some publicity in the media about something called a flu party. It strikes me as particularly bizarre that parents want to try to improve their children's chances of contracting flu. Has the Secretary of State had any advice on whether that is a good or a bad thing? It seems to me instinctively that it is a bad thing, but there has been much in the media about it.

Finally, I welcome—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Lady has exceeded her ration.

Andy Burnham: I thank the hon. Lady for making her remarks in a measured and helpful way, as the hon. Member for South Cambridgeshire (Mr. Lansley) did; I am very grateful for that. She was right to praise, as the hon. Gentleman did, those members of NHS staff who are sometimes unsung; they are not the ones on the front line whom we always think of and talk about. The hon. Gentleman mentioned staff in path labs, too. I think that staff in Richmond House will feel a little cheered today to have had their efforts recognised by the Lib Dem Front Bencher. Perhaps they will go about their work today with that extra lift in their heart. It is very nice of the hon. Lady to offer her thanks. Those staff have genuinely been working hard, and have put in a lot of work over a long period. It will be appreciated that that has been recognised by the hon. Lady.

Lots of the questions that the hon. Lady asked deal with the issues to which our minds are now turning—the preparedness of the NHS to deal with the pressure that it will face in the coming weeks, and the logistics of the systems that we are putting in place to make sure that we can provide credible alternative routes, so that people do not have to go straight to their general practitioner. If they did, GPs' other business would, as life went on, become more and more difficult. She is absolutely right to ask about and probe us on those issues. All our efforts are now fully engaged on that task.

I shall try to deal with some of the questions that the hon. Lady raised. On NHS staff, currently the advice is that they are to be offered prophylactic treatment after contact with flu patients. We have proposed that there be special arrangements for staff in the treatment phase. That is being looked at again by Ministers, and I will update the House as and when necessary. The issue will be considered at next week's Cobra meeting. We will, of course, update the House at that point.

The hon. Lady asked about the preparedness of PCTs and asked whether there were variants. That is a question that I have raised; again, it will be raised at the Cobra meeting next week. I said in response to the hon. Member for South Cambridgeshire that all PCTs have been assessed, and their readiness to stand up collection points within seven days has been confirmed, but the hon. Lady is right to say that the quality of preparedness may vary from one place to another. I will respond to her on that point as and when we have more information that we can place in the public domain. However, she should feel reassured that a considerable amount of attention has gone into the matter, and that PCTs in all parts of the country are ready to step up to the challenge that they will face.

I neglected to deal with a point that the hon. Member for South Cambridgeshire raised. The Department of Health has provided surge capacity guidance more generally to the NHS, with advice on a range of measures, including on cancellation of elective surgery being brought into play when local circumstances require it. He asked whether we had issued such guidance; I can confirm that we have. I can provide more details to him, if that would be helpful.

The hon. Member for Romsey (Sandra Gidley) mentioned the weather. I am not sure that it is playing a role. However, we are seeing spread during a part of the year when we would not normally expect to see considerable spread. If there is more that we can tell her, we will do so. We believe that now is a good moment to reiterate our communications messages through public-facing, simple and clear documents that can be issued more widely. One of them is perhaps more for people working in local government and other parts of the public sector, but I will take on board what she said about repeating our leaflet and other messaging campaigns. She is right to say that we need to be on top of providing clear and consistent communications at all times.

Pharmacies may have a role as collection points in some parts of the country, where primary care trusts have deemed that to be appropriate. Of course, we will ensure that they are in the communications loop, because the issues may impact on their day-to-day job anyway. On the question about rural areas—

Mr. Andrew Robathan (Blaby) (Con): Is this a speech?

Andy Burnham: I am answering the questions. In response to the point on rural areas, we ensure that representatives from the Local Government Association are invited to all meetings of the Ministerial Committee on Civil Contingencies. Of course, PCTs, particularly in rural areas, will give particular attention to the issues that the hon. Lady raises.

Finally, on swine flu parties, the best thing that I can say is that if anybody receives an invitation to one, they should politely turn it down. The chief medical officer said yesterday:

"It is seriously flawed thinking to allow the virus to spread unabated through 'swine flu parties'."

We hope that that message will be heard loud and clear by anybody who is planning such a party, or plans to attend one.

Joan Walley (Stoke-on-Trent, North) (Lab): I welcome my right hon. Friend's careful, considered and co-ordinated approach, but on behalf of laryngectomy patients in my constituency and in north Staffordshire, may I ask him whether he will pay particular regard to their concerns about the need for a special filter, the micron filter, for neck breathers? Will he make inquiries of the National Institute for Health and Clinical Excellence and find out whether, despite the delays so far in getting approval from NICE, that approval can be hurried through the system, so that people who are particularly highly prone to infection can receive some safeguards and support in this difficult time of swine flu?

Andy Burnham: My hon. Friend raises an important question. I have to say to her that I do not have the answer to hand, but I will get an answer for her. Of course, we want to ensure that no vulnerable group is exposed to risk in this period, so I will get back to her on the subject.

Dr. Andrew Murrison (Westbury) (Con): It is good to hear that a vaccine for H1N1 will be available in the autumn, but of course that is about the time when elderly and vulnerable people would ordinarily expect to be vaccinated for seasonal flu. I assume that the Department of Health's position is that that vaccination should go ahead. It would be useful to have the Minister's confirmation that he will attempt to deconflict advice on H1N1 and seasonal flu, because obviously there is considerable scope for confusion on the subject.

Andy Burnham: I am grateful for the hon. Gentleman's comments. Of course, the measures do not conflict with the seasonal flu vaccination programme. If we need to improve guidance on the subject, then of course we will do so. As I indicated, there is a decision to be taken about the time scale and the prioritisation of how vaccine is made available once it is received. Stocks will begin to arrive in August. They will build up in September and October, but obviously we will not be able to treat everybody until later in the year. However, that has to be carefully planned alongside the seasonal flu vaccination programme. We will ensure that once decisions are taken, clear guidance is given to general practitioners in that regard.

Richard Burden (Birmingham, Northfield) (Lab): My right hon. Friend will know that Birmingham is one of the areas most extensively affected by swine flu. May I endorse what he and others have said about expressing thanks to all the NHS staff who have worked so hard over the period? On Monday this week, another south Birmingham MP and I met South Birmingham primary care trust to talk about the situation in south Birmingham. I understand what my right hon. Friend is saying about the evidence perhaps moving us towards greater consideration of more targeted approaches, but I am sure that he is right to adopt the cautious approach. So far, the PCT has a very good record of keeping in touch with MPs daily, with updates and guidance about what is being provided in the area. May I put it to him that it is important that that continues, and is perhaps generalised elsewhere, particularly as we move towards the treatment phase?

Andy Burnham: I thank my hon. Friend for that. It was a visit that I made to Birmingham a fortnight ago that really gave me a clear picture of the pressure on staff on the ground in the west midlands. It was impressive to see how the HPA works with colleagues from across the health service in the west midlands, and with local government. The visit also showed how staff had been tested. I was tremendously impressed by how they had come through that test and provided a very good service to his constituents. Those staff do indeed deserve our praise.

I am pleased that my hon. Friend says that he feels that we have taken the right approach. The science is pointing towards a more targeted approach; we need to be clear about that. It is likely that we will move in that direction at some point, although I do not think that anybody in this House would feel that a finely balanced judgment on the science would, at this stage, allow us to move a couple of steps further than we want to go. We proceed with a step-by-step approach, and I am pleased to hear that he feels that that is the right approach to take.

Information for MPs is very important; the hon. Member for South Cambridgeshire (Mr. Lansley) asked me about availability of information during the summer break. This is incredibly important. I shall take the point back, and see whether, as we move into the treatment phase, PCTs, without being placed under any undue burden, can offer to colleagues throughout the House a simple, regular breakdown of local information that would help inform Members and councillors about the situation on the ground. I shall take back that suggestion, which would help keep the House updated over the summer. At the same time, however, I would not want to place any undue burden on primary care trusts. We will look at that very sensible suggestion and let my hon. Friend know the decision.

Richard Younger-Ross (Teignbridge) (LD): I thank the Minister for his comments to my hon. Friend the Member for Romsey (Sandra Gidley) on public information. He will be aware that I wrote to him in early June about Kenton in my constituency, which did not receive the initial leaflet. When will those areas that missed out receive such leaflets? I also emphasise the point about public information and encouraging people not to go to work or other public places, but to keep their virus at home, so that they do not spread it to people at risk, in particular, such as the elderly. Will the Minister therefore talk to people such as church representatives? Churches still encourage people to attend

every Sunday, but if we take our flu virus and give it to the elderly person sat next to us, we might send some people to meet their maker earlier than we want them to.

Andy Burnham: I shall certainly look into the question of leaflet distribution. There were some complaints from my own constituency, I have to say—before I took this job, obviously. It is also important to point out that the website offers the same advice, and that leaflets are available in public places. That said, it is important that we get as much as information as possible into the home.

The hon. Gentleman spoke about advising people to stay at home, which is incredibly important. That relates to the point about swine flu parties. We do not yet know enough about the condition. We can say that it is mild, although some cases have been more severe, so the advice is to go home and rest, take plenty of fluids, and take paracetamol—the usual things that we all do. That is the advice for people, and if they are symptomatic, they really should not continue with their normal life, because it could add to the spread of the disease. The fact that the hon. Gentleman has raised the point may have allowed a few people watching the Parliament channel to hear it again.

Barry Gardiner (Brent, North) (Lab): In this phase or in respect of any future recurrence of the pandemic, is there a need to expand the capacity of isolation units, such as that at Northwick Park hospital in my constituency, and will central funding be made available to trusts to upgrade these nationally important resources?

Andy Burnham: My hon. Friend has raised that point with me before, and it is incredibly important. Hospitals are able to provide isolation facilities, but as cases increased, that would become progressively more difficult. These issues are kept under very careful review, and Ian Dalton is the NHS lead on preparedness for pandemic flu. I shall ask that he write to my hon. Friend on this particular issue and give him a full answer on the situation not just around the country but in his constituency.

Mr. Roger Williams (Brecon and Radnorshire) (LD): I support the Secretary of State's decision to cease the routine prophylactic use of antivirals for the contacts of people who have the disease. I heard what he said to my hon. Friend the Member for Romsey (Sandra Gidley) about keeping prophylactic use in hospitals and other health services under consideration, but I hope that he will not rule out prophylactic use for vulnerable individuals or groups of individuals whose health is compromised in some way and may be more severely affected by the disease than the average person.

Andy Burnham: That is an important point, and of course we would not rule out such a possibility. However, the judgment should be made locally. Where particularly vulnerable people are close to somebody who has come down with the illness, we want it to be clinicians and GPs who take those issues into account, when dealing with the patient.

Dr. Howard Stoate (Dartford) (Lab): May I join my right hon. Friend in recognising the almost unique ability of British primary care to deal with such an outbreak, and thank him for his kind words on all the hard work that staff do? Of course, that includes GPs, practice nurses, pharmacists and any other support staff.

There is a problem, however, as primary care could become overwhelmed if the pandemic takes off as predicted. Will my right hon. Friend ensure that the public are informed through a regular information campaign, operating daily, to let them know precisely what they should do in certain circumstances? Many people do not have access to the internet and many do not read newspapers, but they need to be kept well informed almost daily about the changing situation and how they ought to respond should they be struck down with an illness.

Andy Burnham: The House has been debating second jobs this week, and my hon. Friend's second job is particularly useful in this regard. He is not only representing his constituents here on swine flu, but treating them, and my praise of GPs of course extends to him.

We are very conscious of the ability of primary care to cope, and although the national pandemic flu service is new, we think it is important to send out the message today and consistently about why it is important for people, where they can, to use that alternative route to secure treatment. There will continue to be patients who will wish to go to their GP, and that is right and proper; I am sure that my hon. Friend agrees and does not want any heavy-handed interference. We want to encourage the vast majority of people, however—particularly those to whom the hon. Member for South Cambridgeshire referred, such as young people who want to get on with life—to use the new access routes that we are creating. I agree that because the routes are new, it is important that they are communicated clearly and regularly, so that people are not in any doubt. Regular public information will be important as we enter a phase in which the numbers of cases rise. As I said to my hon. Friend the Member for Birmingham, Northfield (Richard Burden), I would not want us to place undue burdens on the service in asking it to churn or crank out statistics when it should be doing other things, but public information is very important in such a situation. I take very seriously what my hon. Friend the Member for Dartford (Dr. Stoate) said, and I shall see what is the appropriate level of information to put out regularly.

Points of Order

1.7 pm

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): On a point of order, Mr. Deputy Speaker. I ask for your clarification, because yesterday we heard a Minister from the other place on broadcasts such as the "Today" programme, in particular, making a very clear announcement—I know, because I have checked the transcripts—that the Government were essentially going to nationalise the company running the east coast main line franchise. The announcement was made on two or three occasions; it was raised in the House yesterday; and Mr. Speaker was somewhat misdirected, although he was prepared to be corrected in the sense that he was not aware of that. I have handed him the transcript and a request that he now make a statement about it. Today, however, we did not hear anything.

Are you, Mr. Deputy Speaker, aware of whether Mr. Speaker has now reached any conclusions about this matter, and whether he plans to make any statement at all about the Government's disgraceful behaviour in not coming to this House until very late in the evening—after most people had gone? The other place heard a statement much earlier, and we had an indication from a Minister on a broadcast that some very important act was taking place, but this House was literally the last place in Britain to hear about it.

Mr. Deputy Speaker (Sir Alan Haselhurst): I think that I can do no better than refer the right hon. Gentleman to the responses that Mr. Speaker gave last evening on his considered reflections on the situation that had been raised with him earlier in the day. I think that Mr. Speaker expressed his satisfaction that, on the nature of the statement, nothing very different could have happened. The Secretary of State was obviously confronted with a very unusual situation; there was then a separate matter as to when that could be brought before this House; and there is always a dilemma for the Speaker, when he has timetabled business in the House of a very special nature relating to the House, as to whether it is proper to take further time out of that in order to advance a ministerial statement to this House. I think that it was a combination of very special circumstances, and Mr. Speaker, having reflected on it, gave the judgment he gave, which is in *Hansard*, last evening.

Mr. Simon Burns (West Chelmsford) (Con): On a point of order, Mr. Deputy Speaker. I seek your advice and help. Since he became Speaker, Mr. Speaker has on a number of occasions deprecated to the House the habit of giving information on policy to the media before it is announced in the House. That is right.

I am sure that Mr. Speaker is as concerned as I am about the fact that his statement today was a significant story on the BBC news website half an hour before he made it. That suggests that it was leaked to the BBC. I was wondering whether Mr. Speaker would like to carry out an inquiry to try to find out how the statement was leaked and given to the corporation prior to its being made in the House.

Mr. Deputy Speaker: The hon. Gentleman could not possibly expect me to comment. Mr. Speaker will take note of what the hon. Gentleman has put on the record, but I could not possibly begin to opine about what may have occurred. I should just add that the fact that Mr. Speaker was going to make a statement was certainly in the public arena, in the sense that it was displayed on the annunciators in the House. I know no more than that.

Mr. Burns: Further to that point of order, Mr. Deputy Speaker. I assure you that although the fact that Mr. Speaker was to make a statement was on the monitors, in no shape or form was it clear what the statement would be about. The other point is that if the Government have to bring statements here first rather than leaking them, no one—whether it is the Government or any other body with advance notice—should leak Mr. Speaker's statements to the media.

Mr. Deputy Speaker: I cannot speculate about that. I say again to the hon. Gentleman that he has put his concerns on the record. If something injudicious or accidental has occurred, there will no doubt be opportunity for further comment. The issue is hardly more urgent than that.

Mr. Lindsay Hoyle (Chorley) (Lab): On a point of order, Mr. Deputy Speaker. We have heard through speculation in the press and noises from another place that the part-privatisation of the Royal Mail has been dropped. Can we expect a statement in the House on the matter, and has any notice been given of such a statement?

Mr. Deputy Speaker: I know of no intention to make such a statement; it would have been appropriate for the hon. Gentleman to have made his point to the Leader of the House during business questions. He makes it on a point of order now, and I am not in a position to give an answer. At present, I know of no such intention. *[Interruption.]* Order. I say to the hon. Members for East Worthing and Shoreham (Tim Loughton) and for Chorley (Mr. Hoyle) that an across-the-House discussion about multi-tasking is not appropriate at this moment.

ROYAL ASSENT

Mr. Deputy Speaker (Sir Alan Haselhurst): I have to notify the House, in accordance with the Royal Assent Act 1967, that Her Majesty has signified her Royal Assent to the following Acts:

Geneva Conventions and United Nations Personnel (Protocols) Act 2009

Business Rate Supplements Act 2009

Saving Gateway Accounts Act 2009

Broads Authority Act 2009

Estimates Day

[3rd Allotted Day]

DEPARTMENT FOR CHILDREN, SCHOOLS AND FAMILIES

Looked-after Children

[Relevant documents: The Third Report from the Children, Schools and Families Committee, HC 111, on looked-after children, and the Government response, HC 787.]

Motion made, and Question proposed,

That, for the year ending with 31 March 2010, for expenditure by the Department for Children, Schools and Families—

(1) further resources, not exceeding £32,152,966,000 be authorised for use as set out in HC 514,

(2) a further sum, not exceeding £32,181,534,000 be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.—*(Steve McCabe.)*

1.13 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): It is a pleasure to open this debate on the recent report of the Children, Schools and Families Committee following an inquiry that took us a long time. I should like to take the House briefly through why we decided to spend many months investigating looked-after children. We adopted the phrase "looked-after children", but as the evidence sittings went on, we realised to our embarrassment that what we had thought was the up-to-date phrase had reverted to "children in care". However, we all know the children about whom we are talking: those whose family situation is such that they are deemed to be better off in the care of the state than in the care of their own parents.

We chose the topic because those of us who had been in the Education and Skills Committee and transferred to the Children, Schools and Families Committee wanted to make it clear to everyone that we took the new Department and our new responsibilities very seriously. After serious discussion, we decided that the best way to start was to show that we wanted to understand the situation of the most vulnerable children in our society—looked-after children. We proceeded.

Not many people outside this place know how we work, but I should say that we had a seminar in which we decided that we should investigate the issue and could add value to it. Colleagues should remember that in Select Committees we do not try to think of high-profile issues that get a lot of publicity—we genuinely look to where we can add value. We may feel that the Government are not paying much attention to a particular part of the Department for Children, Schools and Families remit or are spending an awful lot of money that we are not sure is being spent wisely. That is the central scrutinising role of a Select Committee, and we take it seriously. So we decided to conduct a thorough inquiry into looked-after children because we believed that it would add value.

There is another thing that those who have never been members of a Select Committee do not realise: we operate by listening. We take evidence, read and publicly announce the terms of the inquiry. We then get a great deal of evidence. I remember that when the Education and Skills Committee considered special educational needs, there were 300 written evidence submissions. There were even 30 such submissions for a short one-day report last week on allegations against teachers. The world, of course, is divided into the 50 per cent. who are desperate to give evidence to our Committee and the 50 per cent. who would rather leave the country. We have to choose carefully who we need to appear before us so that they can be interrogated and so that we can find out the situation in their area of expertise. That skill has developed over time, and those of us who have served on Select Committees know that that is an apprenticeship that we have to get through and develop.

I emphasise how important the listening part of the Select Committee's job is. When we were examining the issue of looked-after children, we made visits to look at good practice in various places. We went to Denmark to look at the system there; many people believe that the Danes do things differently and, in some ways, better than we do. In any other field of human activity, we would take it for granted that one should listen to the people most affected, so we spent a considerable time ensuring that we met looked-after children—children who had been in care, were in care and had the experience of care—so that they could tell us first hand what being in care was like in the 21st century in our country.

Keith Vaz (Leicester, East) (Lab): I pay tribute to the work of my hon. Friend and his Committee on this very important subject. Did he specifically consider the position of children who had been trafficked into this country—a concern of the Home Affairs Committee in our last report—and had then been left in care, but escaped soon afterwards to carry on being abused by those who brought them here?

Mr. Sheerman: We did so peripherally, mostly in terms of children who turn up in this country with no obvious parents and are in care because of that. One of the other skills of a Select Committee is to determine where to draw the line, otherwise the inquiry would never get finished. Often, when one is doing a good inquiry and really getting under the skin of the issue, that leads to the next inquiry, so my right hon. Friend should not give up hope—we might get there.

When one looks at the care of children in this country, one sees that so much always comes back to the quality of the work force and how they are recruited, trained, paid and supported. That is absolutely central to the level and quality of care that is given. As we went on, it became obvious that we had to undertake an inquiry, which we are now doing, on the training of social workers. The two reports will go very well together. My right hon. Friend will know all about that process from his own Select Committee; it is part of the technique. That is how we conducted ourselves, and that is how we wrote, I think, a good and positive report.

When the Committee has taken all its evidence and made all its visits, we have to spend considerable time coming up with a report that we think someone will listen to and will make the difference that we hoped it would. Part of the process is ensuring that the Government listen to what we say—and it is a remarkable opportunity to be here on the Floor of the House being able to debate and discuss the report that we produced. Of course, another part of our role is to tell the outside

[Mr. Sheerman]

world, through the media, what our conclusions were on the matter and what changes we want in Government policy. There is no point in producing a report that is put on the shelf, gathers dust and makes no difference to the children in our country.

Let me allude to some figures. In England, there are at any one time about 60,000 children in care, and in the course of a year about 90,000 children will go through care. One can immediately see the difficulties that we face. It is an unstable population. Some children go into care early and stay for a long time—perhaps for all their childhood—while many do so very late having been greatly damaged by their experience in their birth family. There is sometimes an easy perception that England does a poor job in terms of corporate parenting. We found early on in the process of learning the lessons that a high percentage of children who go into care do so very damaged and quite late. Extrapolating the statistics, we found that children in care perform badly in GCSEs and other examinations and in going on to higher education. As one hears the evidence, one does not wonder why that is, because it is clear that many of these children have not been supported in their education; indeed, they have not been sent to school. They have had such a turmoil of a life that going into corporate care is an attempt to bring the shattered pieces together and rebuild it. That is very difficult to do in the case of a child who goes into care at age 13 or 14; I think that some of my colleagues who have worked in the sector will endorse that.

We have to be extremely careful about laying blame and saying that what local authorities and the Government do is much worse than what anybody else does. I do not believe that that is true. This is very difficult area to work in. The churn—the movement in and out of care and the resulting instability in children's lives—is at the heart of our concerns.

John Hemming (Birmingham, Yardley) (LD): The figures that I have from the SSDA903 return state that in England between 7,000 and 8,000 children a year are going into care. That does not entirely reconcile with the hon. Gentleman's figure of 90,000. Can he explain the difference?

Mr. Sheerman: The figures I cited were given to the Committee; the hon. Gentleman can read the report and check them. His figures may be different from ours, but we were told that on average 90,000 children go into care every year and, if one looked today, 60,000 children would be in care.

It is not rocket science to know that what a child who has had a very poor experience in their birth family needs more than anything else is stability and a loving relationship with someone. This is difficult, because we do not deal in apportioning and evaluating love, but we know that if a child does not have love in its formative years, it has little hope of growing up into a mature, decent and fully functioning citizen.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I am listening carefully to my hon. Friend, who is making some important points. Did the Committee consider the fact that some children do indeed love their parents from their birth family, but their parents have been unable to provide for them in that way, so such children have a loving relationship but it is insufficient for their needs? When a child then develops another relationship with a substitute carer, that can create a conflict that is a difficulty for them in settling down in a new family.

Mr. Sheerman: That is the danger of letting a real expert intervene on one's speech. Of course, my hon. Friend is right—that is one of the real strains in a child's life.

We found that as far as possible we want, of course, to keep families together. The most important work in our country is done by social workers and other people in the social care field in maintaining families in a good state. We looked at projects in places such as Morden, one of the London boroughs, where there is an excellent family support unit. Its job is to identify a family in trouble, with stresses and strains within it that had come to people's attention through a GP, a social worker or a health visitor; or it could have come by many other means. One of the jobs of a local authority is to keep good antennae identifying where children and families are in that stressed state. In areas with good practice, we saw that where a family was deemed to be in need of support, in came that support. The whole Committee was very impressed by the Morden experience, where an all-singing, all-dancing support team would go in to support the family for six months, see if it could get them back on the right road, and then step back and let them get on with their own lives. Then, if it did not work, the team could do it again. The general point is that good social work support is essential; if it can support the family and the child in the family, that must, in many cases, be the right route.

We found that the most difficult aspect of all this is the decision on when to take a child into care and striking the balance in deciding whether that child is better off in a rather dysfunctional family, perhaps with a history of mental illness or drug or alcohol addiction. A large number of families have serious problems, but that does not mean they cannot maintain a family life of some quality. It is a question of identifying the problem and then supporting the family, but at a certain stage making the decision. When we compared our experience with that of Denmark, we found—certainly this was my perception as Chair of the Committee—that what was being done in Denmark seemed to lead to a better reputation for the social work process. It seemed from the evidence we took and our experience in Denmark that people did not consider it the end of the world for their children to go into some form of care; it was seen as a reasonably positive thing. We talked to families and experts and found that, in certain care situations, a good relationship with the birth family was maintained. The family would visit, even if there was a background of abuse, including sexual abuse. That relationship was maintained, and many families felt that it was right for their child to be in that situation. They valued the fact that they still had access and that that loving relationship could continue.

When we took evidence from children who had been in care, one strong voice was that of children who said that they did not want a substitute family. Some quite liked the family that they had, and had the type of loving relationship that my hon. Friend the Member for

Sheffield, Heeley (Meg Munn) mentioned. Perhaps others had had too much struggle, strife and stress from the family that they had come from and did not want to try another one. Some children in that situation said that they would prefer some form of residential care.

We found that in this country there is a history of saying, "No, no, no" to residential care, because there has been a background of large-scale residential care and there was a period in which evidence of widespread child abuse came to light. Now it is very difficult to persuade people that residential care is appropriate. In Denmark, we saw small units of not more than 12 or 14 children, which had a good atmosphere and came close to recreating a family relationship, but a caring one. They were open to parents and visitors.

Mr. Graham Stuart (Beverley and Holderness) (Con): Does the hon. Gentleman agree that the Danish experience is not just that children are happier because of how they are looked after in care, but that their educational outcomes and thus their life chances are transformed?

Mr. Sheerman: My hon. Friend—it is difficult to call him "the hon. Gentleman", as we work together so closely that I regard him as a friend, except when we fall out—is absolutely right.

That brings me back to the lessons that we learned in the inquiry. Families should be kept together if possible, but a really difficult decision is at what stage a child should be taken into care. Why does Manchester take double the national average into care, the highest proportion in the land? Ironically the City of London is next, but hardly anyone lives there. Other areas take only half Manchester's proportion into care. Is Manchester doing a wonderful job of seeing children who need to be in care and reacting quickly and positively, or is it Morden, in London, that is doing the fantastic job? We did not find the answer, but as the report shows, we started considering the tension that exists in the system.

Of course we must have child protection. Two thirds of the way through the inquiry, we discovered the horrific news about the death of baby Peter. We extended the inquiry a little to examine the balance between what we had been considering and what was happening in child protection. The lesson that we learned was that only the most thoughtless politician will say that there will never be another child death. Anyone who serves on our Committee or knows anything about the matter knows that given the level of mental illness and alcohol and drug abuse, there will be other child murders and deaths, and they will be horrific. We have to be aware that that will happen and react in the right way when such tragedies occur, to find out what went wrong and how to minimise them. My colleagues and I suspect that we will never be able to eradicate such events. Even in countries such as Denmark there is a pretty serious rate of child murder, despite all the resources and attention put into the matter.

Mr. David Chaytor (Bury, North) (Lab): Before we leave the Danish comparison, is there not a deeper cultural issue, which is reflected in how the Danish state sees the status of child care workers? It is similar in the other Scandinavian countries. Is not one lesson to be drawn from the Committee's inquiry, and previous inquiries into the early years phase, that we in the UK have historically dramatically undervalued the status of those working with children? Does that not say something about our national cultural attitude to the importance of child rearing in our society?

Mr. Sheerman: My hon. Friend knows that I will agree, and I was just going to come to that.

Any parliamentarian has to face the fact that, as we want to get the best level of child protection we can—it should be as good in every local authority as it is in the best—we must have better systems. Ofsted must be better, as must leadership and the sharing of best practice, to ensure we protect every child as well as we humanly can. I feel that very strongly. We must balance that consideration with the danger that, after a tragic death, all the resources are rushed into child protection, which can starve resources for the support of families and good-quality social work. That is an interesting tension.

The Committee said in our report, I suppose quite dramatically, that we do not believe we will ever eradicate child murder. However, really high-quality care can substantially reduce child misery. A problem that we can never really resolve is finding out to what degree a child is in misery and living a blighted life without society being able to identify that miserableness—is that the right word?

Tim Loughton (East Worthing and Shoreham) (Con): Misery.

Mr. Sheerman: Thank you. The question is how we can ensure that we intervene. It all depends on having good systems and high-quality, trained people. My hon. Friend the Member for Bury, North (Mr. Chaytor) put it correctly, because I know of no business in the world that cannot benefit from high-quality people who are selected well and have the right personality, qualifications and enthusiasm. They must be supported to do their job, and they must be paid a decent salary and given a career ladder that will keep them in the profession and motivate them to do good work.

Fiona Mactaggart (Slough) (Lab): Will my hon. Friend highlight the consequences in later life of the child misery to which he referred? Children who are miserable in care often end up being victims of sexual exploitation when they leave care. They frequently fail to get any qualifications, and they remain unemployed and turn to drug addiction not because it is inherited but, overwhelmingly, because they have been unhappy and feel like failures. We as a state—their parents—have failed to prepare them for the realities of the adult world.

Mr. Sheerman: I think my hon. Friend knows that I agree with that. That is where the line is drawn—we must ask whether a child is miserable with their birth family and whether they would be miserable in care. A fundamental conclusion of the report was that care has to be a very good option. Children who have been failed by their family do not deserve to be failed again. I get the feeling that the general view out there is that people expect us to stand up for the very best standards for children in care, because that is the litmus test of a civilised society. Children in care are the least fortunate and the most vulnerable children in our society, so we should be judged on how we look after them, and we should look after them as well as we can.

Ann Coffey (Stockport) (Lab): I absolutely agree with my hon. Friend about maintaining the highest possible standards in care, particularly in children's homes. Did his Committee look at how we can improve standards of care in children's homes, perhaps by looking at Ofsted's inspection process and considering ways of improving it?

Mr. Sheerman: I can assure my hon. Friend not only that we did that, but that we looked at how we reward social workers, who work in the most difficult situations. As I have said, that is why we are also looking at the training of social workers. We have nearly completed that work, which we are doing now because we could not do it as thoroughly as we wanted before. In the generality, however, my hon. Friend the Member for Bury, North is absolutely right. We pay minimum wage-plus to so many people working in early years—we did an inquiry into early years—and they are the most poorly trained people in the work force. There is no doubt that things are getting better, but they are not getting better fast enough and we need crossover, particularly into residential care.

We said in the report that level 3 qualifications should be the absolute minimum, but in residential care we found the lowest paid, the lowest rewarded and valued, and the least trained people in the social care work force. That is not good enough and it has to change. Residential care should be as good as we can get it. We should experiment, pilot schemes and copy some of the good practice that we saw in Denmark and this country. Size matters a great deal—my hon. Friend the Member for Sheffield, Heeley said that 12 or 14 for a unit was quite big—so it is important to get it right.

Let me make a general point. The care should be absolutely fantastic, but that will not come cheap—I remind the House that people in Denmark pay 50 per cent. income tax and 25 per cent. VAT. However, if such care is a touchstone or a litmus test of how civilised we are as a society, we should persuade our constituents to pay the money and make the necessary sacrifices.

John Hemming: The Committee's experience of the quality of care in Denmark was that the children were less miserable because they were kept in touch with their parents. I have checked the hon. Gentleman's figure of 90,000 or 85,000 for the number of children who may have been in care in any one year, but it is not the number of children who go into care or come out of it. In practice, about 7,000 to 8,000 children go into care as a result of care orders. Of those who leave care, the majority leave to adoption—the figure was about 3,800, but it has come down slightly. However, that drives a wedge between the parents and the practitioners, because the practitioners have to reduce contact with the parents to prepare the children for adoption, which is the complete opposite of what happens in Denmark. Would it perhaps not be a good idea to invite somebody from Denmark to do a critique of the system in England?

Mr. Sheerman: The hon. Gentleman makes a very good point. He has also pulled me up on my figures. I should tell him that he has read that part of our report more recently than I have—that report is three reports away in this poor brain of mine, but I thank him for his intervention. He is probably quite right about getting external evaluation, but in a sense that is what we try to do as a Select Committee by going somewhere that we think has good practice. Some of the things that we saw informed our report and we made some strong points.

Tim Loughton: Let me bring the hon. Gentleman back to cost and Denmark, about which I would like to make a comment if I have an opportunity. I was there about three years ago and visited some of the homes that I think his Committee visited. Interestingly, although a lot of extra money goes into training and child care in Denmark, the cost of housing children in some residential homes, including the one that I visited, which was run by the local municipality in Copenhagen, works out at about £56,000 a year. That is half the average cost of a residential home for a child in the UK, so in fact the cost need not be more expensive.

Mr. Sheerman: The hon. Gentleman makes a good point.

Mr. Graham Stuart: Will the hon. Gentleman give way?

Mr. Sheerman: Let me make just a little more progress.

I want to cover the fundamentals, which are these. First, residential care should be better, and people should be paid and supported better. I do not want to go down the road of talking about social workers too much, but when we interviewed children who had been in care, we found that the problem was the rotation of social workers. There was no one person whom they knew—no person whose face they knew; no one with whom they were familiar or with whom they had a good relationship.

We cannot have a system where a child—any child, let alone a child in care—never knows which social worker he or she will meet or when they will meet them. There has to be a consistency of relationship in the caring system. That was one of our sharpest criticisms of the experience that those children had had. Consistency means knowing someone—knowing their face and knowing that if everything went wrong at midnight or three in the morning, there would be someone whom the child could phone whom they knew, respected and, hopefully, loved. That is a tall order, but the Committee decided that we wanted to make a strong point about how key that stability in relationships is.

Fiona Mactaggart: Will my hon. Friend give way?

Mr. Sheerman: Let me give way to the hon. Member for Beverley and Holderness (Mr. Stuart) first.

Mr. Graham Stuart: The hon. Gentleman is right to highlight the failures of the current system, notwithstanding improvements. We need a shift in the whole political system so that we take the issue more seriously, because progress is glacially slow compared with the moral outrage that is happening to the most vulnerable children in our country, despite this country's wealth and our expenditure in other areas. We need to speed up that change if we are not to let down another generation of children, so what specific measures would the hon. Gentleman most like to see in major party manifestos at the general election, when it comes?

Mr. Sheerman: The hon. Gentleman is being slightly mischievous. I am not going down that route; I am going to make my speech, which will encapsulate some of the things that I would like any party to adopt as policy.

Fiona Mactaggart: Will my hon. Friend give way?

Mr. Sheerman: Two minutes.

Let me finish on the quality of the work force, which is at the heart of our report. The other quality is the quality of the care situation, which usually means foster carers and foster families. The people who do that job in our country and do it well are absolutely amazing. I have visited some of them individually and met others, and I know that it takes a certain kind of person, with a certain kind of dedication and a whole lot of love to do that work over a number of years for children who have no one else. There are some fantastic carers out there and they know what those children need. We know that is true: we have evidence of it and we met some of those carers, and I have certainly met some in my constituency.

Those people do an extraordinary job, but there needs to be more of them. They are not well supported. The care is very patchy indeed across the 150 local authorities in our land, which is one of the great problems of care. We need to get rid of that patchiness, so that every child in every local authority can have good quality care.

Ann Coffey *rose—*

Mr. Sheerman: In a moment.

The problem is the old problem: that those people are not supported well. The Government have rejected our recommendation that there should be a national framework for the kind of support that a carer receives. Support is meagre in some local authorities and more generous in others, but it is unknowable. People genuinely do not know where they stand. When a child is taken away from someone whose profession is caring—it is what they do and where their income comes from—they lose their income. They do not get any income back until another child appears or the original child comes back because the return to the birth family was not successful.

There has to be a system that better assures those who want to come into caring that they will be well supported. They do not go into it because it pays a fortune, but they ought to be adequately rewarded. They must also be supported, because working with difficult children who kick over the traces can be a stressful job. They also need back-up from the professional social work contact that keeps them supported and on the right road.

Fiona Mactaggart: My hon. Friend is quite right to mention the important role that social workers play in backing up foster parents. A point that was made strongly to the Committee concerned a child's need for a good relationship with their social worker, which could help if they had an unsatisfactory relationship with their foster parents. In my constituency, the children's social workers who deal with child protection are each carrying 20 cases at the moment, and those who deal with children in need are carrying 33. This is partly because of a huge increase in the number of children in Slough. The situation is pretty unsatisfactory. What would my hon. Friend say to the Government about ensuring that the resources are made available to places such as Slough in order to provide enough good social workers to deal with this issue?

Mr. Sheerman: My hon. Friend is absolutely right. She will know that we made a recommendation for a cap on the number of cases that such social workers should carry, and we have developed that argument further in the new inquiry.

This is also a question of recruitment and support. We found that the role of the carer in the substitute family was quite mysterious in some places. It was unclear how they got into the work, how they had been recruited and how they were maintained in the profession that they had chosen. The process was very professional in some local authority areas that I visited, and not very good in others. In many of our inquiries, one of the great dangers that we find is cases being thrown into the agency pot. The most horrific term that I have come across—and the idea that I am most worried about—is the "spot purchase" of placements. I find it horrible that there is a market in which someone with an emergency case can purchase a placement through an agency. No one can guarantee where such placements are going to be. They are often miles from the child's school or from the kin family, and sometimes within a different local authority area. The spot purchasing of placements in foster care is extremely worrying; it is the mark of a failure in the system.

Ann Coffey: Does my hon. Friend agree that a similar problem exists in residential care? Stockport is a net importer of children from outside the area—the figure is the third highest in the country—and the cost of such placements is astronomical. The homes advertise for children with difficulties or problems such as antisocial behaviour. Do you think that there is a problem with ensuring that those children are getting the quality of care that is offered by the homes? Is it not probable that some of the homes are making an undue profit and not putting the money that they get for looking after those children back into paying better wages to their workers and providing better training for them?

Mr. Sheerman *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I think that it is time for one of my periodic reminders to hon. Members that all remarks should be addressed to the Chair, and that the use of the word "you" should not come into it. Perhaps more importantly, from the hon. Lady's point of view, is that turning away from the microphone creates great difficulty in capturing her words for the record.

Mr. Sheerman: Thank you, Mr. Deputy Speaker. I know that I have gone on for too long because I have taken a lot of interventions, so I shall bring my remarks to a conclusion.

My hon. Friend is absolutely right to say that this is about quality. There is some very good residential accommodation, some in the independent sector and some run by local authorities. One cannot judge it

[Mr. Sheerman]

purely on the basis of which sector it is in: we found no evidence that private was bad and local authority good. There is good and bad in all institutional care, and there was also evidence of good agencies supplying places and finding foster homes. It is, however, completely unpredictable. In our report, we stated that the quality of care that a child gets should not be a question of luck. We talk about postcode lotteries, but this should not be up to luck. Children should be guaranteed a first-class service anywhere in the country. I would not say that about many aspects of the policy area, but vulnerable children deserve that commitment.

This has been one of the most enjoyable reports that my Committee has produced. We enjoyed it because we felt that we were breaking a path and adding value—in other words, doing the things that a Select Committee does at its best. The Government have responded positively to some of our recommendations, but, as ever, they have not done enough and not acted quickly enough. As the hon. Member for Beverley and Holderness said earlier, there is not enough sense of urgency that the culture needs to change quickly. Improvements have taken place slowly over a number of years, but this has not happened fast enough and they have not been effective enough to get rid of the terrible situation in which what happens to a child is a question of luck.

Derek Twigg (Halton) (Lab): I congratulate my hon. Friend on the report. I was not on the Committee when that work was done. A key issue is what happens when children leave care and are transferred. Will he say a little about that? I feel that a lot of work still needs to be done on managing the massive transition when children leave care to go into the outside world.

Mr. Sheerman: I was going to leave out that section of my speech, because I have been speaking for too long, but I shall mention the subject briefly. Children in middle-class, better-off homes often hang around and seem to take a long time to leave home—I do not know whether you have had this experience, Mr. Deputy Speaker. Sometimes they stay until they are in their late 20s or—in the case of some of my colleagues—their 30s. The link to the family certainly goes on for a hell of a long time. I celebrate that and love it, especially in the case of my four children.

So why should children in care be kicked out into the world at 16 with very little support? Some of them are put into rented accommodation in the most vulnerable parts of our towns and cities. Young girls are expected to live on their own at 16, and we have all heard evidence of the pests and pimps who know where these vulnerable young women are. It is wrong that children from troubled backgrounds are suddenly pushed out into the world and expected to live independent lives on their own at 16.

I think that that is also true for 18-year-olds. I make myself unpopular with some hon. Members, including some Labour Members, when I say that the protection of childhood up to the age of 18 is very important. I sometimes worry that if we were to scuttle into constitutional reform that includes votes at 16, the protection of childhood could be nibbled away. The protection of childhood until 18 and the outcomes of Every Child Matters are fundamentally important, especially for looked-after children.

In fact, I believe that the care package for such vulnerable children—to whom we owe so much—should go right through to the age of 25. I have not had time to talk about one of the weak links that we found in relation to special care, but these children are among the most troubled. They probably have many more psychological challenges than most children, and we found evidence that it took them a long time to get the psychological and psychiatric care and support that they needed from the health sector. The health sector should prioritise those children, just as they are prioritised in regard to schools admissions. They need support right through to 25, and much more support from everyone.

Bill Wiggin (Leominster) (Con): I am curious: why has the hon. Gentleman chosen the age of 25 and not 21?

Mr. Sheerman: Because I think children in supportive homes get that right through. It can be a very turbulent period and the figures on psychological problems experienced by children show a high level in the early 20s, going on through to 25. Indeed, as the hon. Gentleman knows, that is also clear in the data on psychological challenges presented to students in universities and higher education. The fact is that we owe these people support through to 25, if needed.

I am sorry if I have taken too long to make my remarks, but it is partly because I took so many interventions. I recommend the report to the House. It is a good report; it is an all-party report; it is a report based on much hard work from the team of MPs from the three parties and also from the magnificent team of people who worked with us day in, day out—the Clerk, the Deputy Clerk, the two Committee specialists and our two administrators.

Select Committees are very important to the House. This is the 30th year of having such Committees and I currently have a hand in writing about their achievements over that time. I sometimes worry that the link between what we do in the Committees upstairs and what happens in this Chamber is not strong enough, so it has been a welcome change to have the chance to talk about a report in detail today.

2.1 pm

Mr. David Laws (Yeovil) (LD): I appreciate that many hon. Members wish to contribute to the debate, so I will try not to make my comments too extended in what is nevertheless an extremely important debate.

I would like to start by congratulating the Select Committee on a thorough and thoughtful report. I also congratulate the Select Committee Chairman, the hon. Member for Huddersfield (Mr. Sheerman) on setting out so clearly the principal issues that the Committee identified and addressed. He mentioned at the beginning of his speech that Select Committee reports are sometimes very influential and sometimes perhaps overlooked by Ministers. I hope that this will be one of the reports that Ministers take very seriously, even in the areas where the Government's own response to the report is weaker than some of us would like.

We take some cheer from the evidence of the Government's ultimate response to one of the Committee's earlier reports on testing and assessment, when the Government's initial response was overturned very rapidly

in an announcement by Ministers a couple of months ago, which accepted many of the report's principal conclusions.

The hon. Member for Huddersfield rightly started his comments by indicating that it should be no surprise to us that the outcomes for this group of young children are so poor in terms of education and most of the other proxies that we would use to measure the progress and achievements of young people. It would be astonishing if those taken into care and away from their parents were not by definition some of the most vulnerable young people in society, so we should expect their out-turns to be poorer than average.

Mr. Graham Stuart: I am sure that the hon. Gentleman did not mean to suggest that current standards were acceptable, because they most certainly are not. I want to challenge him on what he has just said, because the Danish example and others show significant and massive improvement in outcomes, in comparison with those in this country, for children in precisely the same socially disadvantaged and difficult circumstances. Things do not have to be this way.

Mr. Laws: I wonder whether I gave way to the hon. Gentleman too early; my generosity overcame me. I should have asked him to hold off for a few seconds while I made another couple of points that were highlighted by the Select Committee's report.

Although, by definition, it would be astonishing if the performance of these young people was better than the average for the rest of the population, the principal issue we need to address is whether the outcomes are good enough, and whether more could be done for them. The striking conclusion of the report, placed prominently at the beginning of the summary, is important enough to be read into the record:

> "Despite the dedication and perseverance of social workers and carers, the outcomes and experiences of young people who have been 'looked after' remain poor. Far from compensating for their often extremely difficult pre-care experiences, certain features of the care system itself in fact make it harder for young people to succeed: they are moved frequently and often suddenly, miss too much schooling, and are left to fend for themselves at too early an age."

Those are the legitimate concerns that the hon. Gentleman rightly raises, and I believe that we could and should be doing far better as a country in addressing those young people's needs.

My experience as a constituency MP with this segment of the population—the 60,000 young people, a large number of whom are in care—tally very much with the report's conclusions and with the principal areas of concern that the hon. Gentleman set out in his speech a few moments ago. Those are the issues that I would like to touch on today. My concerns fall into four categories.

The first relates to judgments about when and in what circumstances young people should go into care—an issue of some controversy to which I shall return, and I expect that my hon. Friend the Member for Birmingham, Yardley (John Hemming) will want to comment on it later if he catches your eye, Mr. Deputy Speaker. I am concerned about whether we always make the right judgments about when young people should be removed from what are often very chaotic home environments and taken into care.

The second category relates to the quality of the care provided. The Select Committee has highlighted some weaknesses in our existing system and some experiences in other countries that we could learn from. Too often there is a shortage of placements or their quality is not good. Thirdly, there are concerns about the services available—educational and those provided by our social services departments—to young people in care.

Finally, there are crucial issues, which the hon. Member for Huddersfield raised towards the end of his speech, about the support provided for young people beyond the age of 16, 18 or even 21. His comments obviously tally very much with what is in the report, but also with my experience of the problems experienced by this cohort of youngsters when they leave care—long-term drug and mental health problems, housing difficulties and problems gaining employment, for example. I shall touch briefly on all those issues.

I appreciate that no simple conclusion can be derived about the tendency to be either reluctant or very precipitate about when children should be taken into care. It is clear that experiences vary significantly across the country and that different judgments are made in different areas. The hon. Member for Huddersfield was concerned about the significantly different approaches to the thresholds used to take people into care in different parts of the country. Another concluding point in the report was:

> "Large variations in care populations around the country seem to indicate that there is no consensus about the role of care in services for vulnerable children. We are convinced that in some respects the potential of the care system to make a positive difference to children's lives is dismissed too readily, but we are also concerned by how widely the quality of children's experiences in care varies, and how uneven are the experiences".

My own experiences as a constituency MP have confirmed the understandable reluctance to take young people away from their parents and into care; we all recognise that. Sometimes, however, there is a failure to appreciate the truly chaotic, frightening and neglectful circumstances that many young people experience in the home environment. We would all like to keep as many young people as possible with their parents—that will always be true for the overwhelming majority—but sadly, some young people are brought up in deeply uncaring and unloving circumstances. That is sometimes because their own parents were brought up in the same environment, do not have parenting skills and did not receive a good example of how to discharge parental responsibilities from their own parents. The more serious cases involve direct abuse rather than simply neglect.

What is needed is a willingness to acknowledge that, as the hon. Member for Huddersfield pointed out, for this minority of young people a high-quality care system —if we can create it—may well be a better option than any of the options that tend to be available in a home environment. As the Select Committee has observed, there is a reluctance to put young people into care, not just because of a shortage of places, but sometimes because of the financial consequences, or even because of an almost ideological belief that the best possible outcome is for children to remain with their parents. I think the most important point made in the Committee's report is that the home environment is not always the best environment for young people.

The second issue that I want to raise is the quality of care and placements. As the hon. Member for Huddersfield said, placements with individuals who have a real

[Mr. Laws]

commitment to and passion for young people, and who are willing to provide them with security for many years, are in very short supply. Many of the placements available are not of the quality that we would want to see. When we meet people who were in care as children, we tend to find that they experienced a large number of placements and a great deal of instability during a period when the state, or local authorities, should have been responsible for their care. It is not surprising that some individuals are reluctant to place young people in care if they fear that it will not provide the love and stability that those young people need if they are to thrive.

We must be more imaginative. We must study the experiences of those in other countries in order to establish whether we can create settings that provide the stability described by the hon. Member for Huddersfield. They may have to contain a number of other youngsters, although I was surprised by the hon. Gentleman's reference to the large number of young people in settings in countries such as Denmark—11, 12, 14 or 15. I should have thought that the number of children in multiple settings ought to be very much lower.

We must ensure that the quality of the social workers who support young people and their families is high, and that they experience consistency and stability. The hon. Member for Huddersfield spoke of a rapid turnover of social workers and of multiple contacts. It is not surprising that young people who may have had very unpleasant experiences in the home environment before being taken into care, and who feel unloved and unsupported, will also feel that society is not resolving their problems and giving them the stability that they need if a multiplicity of individuals are responsible for their care in the new home setting, or if a multiplicity of social workers cause relationships to be repeatedly forged and then broken. Those who experience a multiplicity of both social workers and home environments will feel that no one remains committed to them as individuals, and that no one can create the confidence and belief in their own importance and value that they will need if they are to thrive in society.

The third issue that concerns me—the hon. Member for Huddersfield mentioned it as well—is education. In general, the educational performance of children in care has been, and still is, extremely poor. Although it has improved slightly over the past five to 10 years, it is still well below average. We need a better system of funding to target disadvantage throughout the education system.

I was pleased to see in the education White Paper the other day a reference to our proposal for a pupil premium to direct additional money towards youngsters with high levels of disadvantage and deprivation. The children whom we are discussing would clearly have the strongest claim of almost any group of youngsters for a particularly high premium to ensure that the educational establishments that they attend have the necessary resources to deliver not only the additional educational support and catch-up that they may require, but the wider support that will enable them to thrive in a school environment. I hope that if the Government seriously intend to pursue the idea of a pupil premium, they will consider that idea carefully as the review of the funding formula concludes early in 2010, and before they announce their final decisions.

There have been some useful experiences recently in an attempt to tackle one of the problems mentioned by the hon. Member for Huddersfield: the fact that young people are frequently moved between different local authority areas, and also—although the hon. Gentleman did not mention this explicitly—between different educational establishments. That can prove extremely disruptive. A number of local authorities have pursued effectively the idea of a "virtual head teacher" with overarching responsibility for children in care, who would follow their progress to ensure that their educational needs were met and that their support remained consistent even when, regrettably, they had to move from one local authority area to another.

A particularly crucial question, and one that it is easy to neglect, is what happens to youngsters after they leave their care settings, often at the age of 16, but sometimes later. I share the surprise and dissatisfaction expressed by the hon. Member for Huddersfield at the frequent absence of a follow-through system of care. I am amazed at the lack of support for young people: the failure to secure appropriate housing, the lack of ongoing support for those with mental health and drug abuse problems, and the lack of assistance for those who wish to become employed.

As the hon. Member for Huddersfield said, one reason for our problems with children in care is that many enter the system late in the day. Not all of them have been in care and receiving support for a decade or more; some have experienced a chaotic and unstable set of circumstances, and have not gone into care until their mid or late teens. The assumption that they will be in a position to fend for themselves, to secure employment and to manage their own housing arrangements simply because they have reached the age of adulthood—whether that is deemed to be 16 or 18—is deeply flawed. In theory the system is supposed to provide an additional measure of support beyond the age of 16 or 18, but in practice that happens all too rarely.

Let me end by saying that I have welcomed the opportunity to debate the Select Committee's report.

Mr. Stuart: Will the hon. Gentleman give way?

Mr. Laws: I will give way one last time.

Mr. Stuart: I am extremely grateful to the hon. Gentleman, and I apologise for intervening as he was winding up his speech. I wanted to ask him about the transition from being in care to being outside it. Does he agree with the hon. Member for Huddersfield that support should remain available until these young people reach the age of 25? Is that a suitable age? Last week or the week before, we met a group of social workers from around London who told us that it was not uncommon for councils effectively to withdraw support from people as young as 15. If 15-year-olds from chaotic backgrounds are being left without support by councils, we need to do something about it.

Mr. Laws: My response to that important question is that, to a large extent, the support needs to be designed around the needs of those youngsters. Some who have

been in care since an early age, or have been cared for very effectively, may not need the service to continue until they are 25, but I should have thought that most children in care would need it to continue—in a real and effective way—until they reach a greater age than is covered by the present arrangements. Obviously, individuals who become adults—whatever age we use to define that state—will have ongoing needs and there would be an expectation that if those needs were identified, they would continue to be met whether or not those youngsters had been in care or not. I suggest that there should be a younger threshold age, but that the youngsters who still have problems at that age—to whom the hon. Member for Beverley and Holderness (Mr. Stuart) was alluding—should be able to access services. There should be a proper bridge into those services regardless of the age that the youngsters have reached.

This has been an important debate on an excellent report. I look forward to hearing the response of the Minister, who, I hope, will assure us—not just on the points addressed in the Government's response but in some other areas where the response was weaker or more ambiguous—that the Government are intent on dealing with the issues raised by the Select Committee.

2.20 pm

Keith Vaz (Leicester, East) (Lab): It is a pleasure to follow the hon. Member for Yeovil (Mr. Laws). I begin by paying tribute to the Select Committee for its excellent report. It is literally a weighty report. If we were to weigh Select Committee reports, I am sure we would find that it was the weightiest of last year. The Committee seems to have begun its deliberations in March 2008, a long time ago. I pay tribute to all the members who participated. I only wish when we had Home Affairs Committee debates that quite so many Committee members turned up. Perhaps this is the template for other Select Committees. My hon. Friend the Member for Bury, North (Mr. Chaytor), the hon. Members for Chesterfield (Paul Holmes), for Mid-Dorset and North Poole (Annette Brooke) and for Beverley and Holderness (Mr. Stuart), and my hon. Friend the Member for Huddersfield (Mr. Sheerman)—*[Interruption.]* Yes, my hon. Friends the Members for Halton (Derek Twigg) and for Slough (Fiona Mactaggart) have left the Chamber, but all those Members were here, and I am very impressed by that.

I feel as if I am straying on to the territory of another Select Committee so I will be very brief. There is really only one aspect of policy that I wish to bring to the attention of the House. The Committee Chairman, my hon. Friend the Member for Huddersfield, enjoyed the report so much and is ready to be tempted to look at other aspects of policy concerning looked-after children. I wonder whether his Committee might look at the issue of children in care who are here as a result of human trafficking—children brought here for the specific purpose of exploitation by human traffickers, who arrive at children's homes and disappear to carry on and involve themselves in criminal activities.

Meg Munn: My right hon. Friend raises an extremely important issue, but may I point out that it is one of the problems that the social work profession faces? As society develops, new problems arise and social workers—who are already dealing with a wide range of complex issues, as we have heard—are expected to take on the kind of issues and problems about which he is talking. He will know from the work that he and his Committee have done in this area that the specific needs of those young people are different from those of other children about whom we have been talking. It is perhaps not surprising that the current system is failing these children, because the social workers have not been trained in this new phenomenon, and the issue of extra resources and training becomes even more acute.

Keith Vaz: My hon. Friend is absolutely right. I know that, when she was a distinguished Foreign Office Minister with responsibility for consular services, that was part of her portfolio. She gave evidence to the Home Affairs Committee on those matters. The concern is that there is not sufficient training to deal with these issues. We need to ensure that that happens. In a sense it is not just the responsibility of one Department, although the Government could spare only one Minister for the debate. It is a question of various Departments acting together. It would be helpful—I make this offer to my hon. Friend the Member for Huddersfield—in the spirit of joined-up Parliament if members of the Home Affairs Committee met members of the Children, Schools and Families Committee and other Committees with an interest in order to report about these matters where they cross boundaries.

Between April and December 2008 a total of 957 suspected victims of child trafficking were picked up by local authorities. Of that number, more than 400 came from Afghanistan and 200 from Africa. Kent county council revealed that out of a total of 474 children taken into care in the eight months to the end of 2008, 86 went missing. The largest proportion of trafficked children in fact arrives in Kent.

In Hillingdon, which handles children trafficked through Heathrow airport, 27 of 285 children have been reported missing. At least 77 Chinese children have gone missing after being taken into the care of the local authority at Heathrow. In 2008, the Serious Organised Crime Agency disrupted a suspected child trafficking ring operating through Manchester airport in which Chinese children were routed through Italy and ended up in the UK. That was the conclusion of the Home Affairs Committee report into human trafficking. We did not go into great detail about child trafficking because we were dealing by and large with adult trafficking, but we estimated that 330 child victims will be trafficked into the UK each year. About 60 per cent of suspected child victims in local authority care go missing and are not subsequently found.

Our worry, for the very reasons that my hon. Friend the Member for Sheffield, Heeley (Meg Munn) has mentioned, was that the local authorities were concentrating on the "[illegible]e market"—children from the UK—and were not giving sufficient attention to those who arrived here and, within hours, went missing from their home. The information put into the public domain by *The Guardian* suggested that those Chinese children, having arrived here, were given mobile phones, were able to ring the adults who brought them into the country, walked out quite openly from the home and then disappeared into some part of the UK never to be found again. Unless a very important relationship is developed between the local authority and those who deal with children at our ports of entry including

[Keith Vaz]

Heathrow—the responsibility of the UK Border Agency—and that is monitored so that we know who is in and who is out of a local authority home, that seems to be the fate of children who are human trafficked into this country.

That is why the Home Affairs Committee will be looking at the subject again next Tuesday, to assess the Government's response to our report, which we published earlier this year. We asked the Government specifically to take appropriate steps in order to protect children who had come from abroad, who have the added problem of not being able to speak English. There may be the greatest training in the world for social workers dealing with these issues, but if such children cannot access translation services they will not be able to explain why they came to the country.

There is also the situation of children who come from elsewhere in the EU, and we know of the important work being done by the Metropolitan police human trafficking unit through Europol. In particular, there is an initiative for the Romanian children, who are largely from the Roma community in that country, who were trafficked into this country and then disappeared from care. They ended up on Oxford street and began to get involved in begging operations.

I am very sorry that the hon. Member for Totnes (Mr. Steen) is not present, because if there is an expert on human, and especially child, trafficking in this House, it is almost certainly him. He has told the House of his activities when he has been to Oxford street with the Metropolitan police. He saw children being apprehended, and there was nothing that the police could do other than put them into care. They then went missing from care again, and ended up back on the streets. Clearly, these issues go beyond the narrow remit of the Select Committee report and the estimate motion before the House, but they are within the remit of the Government as a whole, and I know that the Minister will want to bring them to the attention of her colleagues in other Departments, because we cannot deal with them merely on a departmental basis.

My final point is on the human trafficking unit that is operated so effectively by the Metropolitan police. As we concluded our inquiry into human trafficking, we took evidence from that unit, and it informed us that its funding was to be cut. It said that the funding had been reduced over a number of years and that it would end up with no funding from the Government. During Prime Minister's Question Time a few weeks ago, I raised that with the Prime Minister, and he stood at the Dispatch Box and said that the money is not being cut but being increased because of the important work done by the Government on human trafficking. I was delighted by that statement.

I asked the Prime Minister about the issue again when he came back from the European Council meeting in Brussels, because, as the Minister will know, the Swedish presidency—like the Czech presidency—has decided to make human trafficking a key priority. The Prime Minister said that the issue had been discussed at Brussels. I asked him again whether the money for the human trafficking unit had been increased, and he said yes. Before the Minister comes to reply, I hope there will be sufficient time for her to get a message to the Home Office to find out whether that is, in fact, correct, because the replies I have received to the letters I have sent suggest that nobody has received this money which the Prime Minister thinks has been increased. I am sure that if the Prime Minister announces it at the Dispatch Box, it will happen, but even if the money has not yet been received by the organisation it would be nice to know that it is on its way—in the post or about to be transferred—because it is crucial in our fight against human trafficking in this country.

2.32 pm

Bill Wiggin (Leominster) (Con): It is a pleasure to follow the right hon. Member for Leicester, East (Keith Vaz). I think that the Prime Minister should answer his question. The Prime Minister does seem to have problems with increases in spending. He has said, for instance, that

"total spending will continue to rise, and it will be a zero per cent. rise in 2013-14."—[*Official Report*, 1 July 2009; Vol. 495, c. 294.]

Perhaps that is the spending rise that the right hon. Gentleman was told was taking place. He is absolutely right to push on that point. I wish him every luck, because I agree that it is extremely important.

We all want our children to get the best start in life by having the right support, food, nutrition, shelter, education, mentoring and emotional support. That is what is needed in order for them to grow up and develop into responsible, independent adults. Looked-after children consistently do not get the same levels of support and care that children in families receive. Looked-after children underachieve in education—just one in eight gets five good GCSEs. They are twice as likely to be convicted or cautioned; almost a quarter of prisoners have been in care. They are also four to five times more likely to have mental health problems; one third of homeless people have been in care. One fifth of women who leave care between the ages of 16 and 19 become pregnant within one year, compared with just one in 20 in the general population. They are also far more vulnerable to drug abuse, school exclusions, sexual exploitation, truancy and other symptoms linked to social breakdown. They are also more likely to be NEETs— not in education, employment or training.

Being in care affects young people's life chances, and the Select Committee report into looked-after children has highlighted some of the weaknesses that need to be addressed. On our estates and in our communities, we are seeing second generation looked-after children whose parents have also been through the care system. There are three crucial areas for improving the life chances of looked-after children: education, family, and the role played by the local authority, social services and their partners. When I read Dickens, I felt that things had moved so far forward, yet there is still a failure to deliver the sort of 21st-century changes that we all want and believe in. This is, therefore, a tremendously important subject.

We need to improve access to education, because that is important and looked-after children need better chances and opportunities to succeed. Education and individual learning plans may need to be more tailor-made to suit individuals in order to encourage them to remain in education or some other form of learning or training. Having a good educational foundation can make a huge difference to job opportunities, as well as to a young

person's confidence and self-esteem. Young people who have these challenging backgrounds need to be in environments where they feel valued and where their talents can be nurtured. The development of academies—and academies with residential facilities—will help to drive up the educational standards of those who are looked after. Mentoring in school makes a huge difference, and we also need to look at developing the role and expertise of school governors in matters concerning looked-after children so that they can oversee the performance of schools and how they are educating these young people.

In Herefordshire, an education liaison support service is available to children and young persons looked after by the council. It offers advice and support to children and parents, it develops individual support packages and it provides information and resources to carers. Herefordshire has delivered positive outcomes, including the fact that 92 per cent. of its young people aged 16 or over leaving care managed to obtain a qualification, which compares with the average in England of 53 per cent. That makes the council the top-performing authority in England.

Herefordshire's looked-after children are also healthier and they have lower levels of truancy from school and fewer criminal convictions than average. The council has a good record, despite receiving—this is a real shame—the third lowest school grant per pupil and despite the council's grant being 17 per cent. lower than the national average per head. Despite that financial disadvantage, the council is still achieving a fantastic outcome for these particularly vulnerable young people.

Supporting families early on can prevent children from going into care, and we should take measures to prevent family breakdown. Where possible, and when it is safe and appropriate, we should try to keep families together. The hon. Member for Yeovil (Mr. Laws) made the important point that that will not always be appropriate, and that is also mentioned in the Select Committee report. However, where it is safe and appropriate, that is what we should try to do. Strong families support vulnerable children and reduce the risk of children needing to go into care. I believe that the Government could do a great deal more to support families; parents are currently financially better off living apart, and that cannot be right.

Health visitors can help families, particularly those with problems and those struggling with parenthood. Local authorities, health care professionals and schools need to be equipped with the expertise to be able to identify those families where there is serious and wilful neglect; those families where the parents and guardians are a danger to children and the children need to be brought into care; and those circumstances in which the parents need help and support to improve their parenting skills. There is a difference between the circumstances of a single mother with post-natal depression who is struggling to look after her children, wants to be a good parent and needs support, and cases such as those of baby P or Victoria Climbié where the children were the victims of despicable and sickening acts of neglect, harm, violence and brutality. The people committing those acts need to be identified earlier and they should feel the full force of the law.

I come to local authorities, social services and their partners. Social services in local authorities throughout the country have a very difficult role in identifying when they need to intervene and the action that they need to take. It is through contact with social services and health and education professionals that vulnerable children can be identified and early intervention can take place.

In these discussions, there is considerable emphasis on the importance of corporate parenting and multi-agency and partnership working, and that is an important framework. But however good the systems are on paper, we need to ensure that the individuals and professionals delivering the support services on the front line can take difficult decisions and feel confident in exercising their judgment.

Inspections are important to raising standards. Can the Minister reassure me that the new Ofsted unannounced inspections, for which 30 minutes' notice is given, will not interfere with an authority's delivery of services? If a children's services director can get a call from the Ofsted inspectors saying that they are just 30 minutes away, we need to ensure that the inspections are done in a way that does not cause authorities to panic, and that while the inspectors are present for two days they are not interfering in the work of social services and causing resources to be used serving them rather than young people and families. Giving inspectors access to files and making staff available for interviews are important to assessing an authority's performance, but we must also recognise that that is time and resource-consuming for the authority. I hope that the Minister and Ofsted will be able to ensure that inspections are carried out in a sensitive and appropriate manner. It is good to have quick inspections, but they must be done right.

Building strong and long-term relationships between looked-after children and those involved in delivering their care is essential. Children going through the care system can feel unsupported when their carers change on a regular basis, and the answer is as much down to the professionalism of staff as any legislative requirement. One area that needs strengthening is the support given to young people in the transition period from leaving care to becoming an independent adult. I asked the Committee Chairman about the need for support up to the age of 25, and his answer was compelling. Children who have spent most of their lives going through the care system can suddenly feel abandoned once they are no longer of school age and no longer within that system, whereas children who have not gone through the care system continue to get family support for many years, through university and beyond.

One final aspect for the Government to consider is how often the child is consulted. Time and again, we see cases in which problems could have been avoided if only those involved had asked the child. The fear seems to be that children will not tell the truth, but in my experience it does not take Einstein to tell when a child is telling the truth. We need to be much better at listening to children as well as providing the support that the whole House agrees is so vital for these vulnerable young people.

2.42 pm

Mr. David Chaytor (Bury, North) (Lab): I think that this is the first time during my time as a Member that we have had a debate on looked-after children in the Chamber. There may have been short Adjournment debates in Westminster Hall, but this debate indicates a growing level of interest in and understanding of the

[Mr. David Chaytor]

importance of this group of young people and the historic neglect by the state of their interests and welfare. I hope that the Committee's report has contributed to that increased understanding and concern.

Tim Loughton: On a point of information, we have never before had a debate on vulnerable and looked-after children in Government time, but we have had debates on that subject in Opposition time.

Mr. Chaytor: I congratulate the Opposition, but I also congratulate the Government on eventually finding time for this debate. Of course, it builds on the significant improvement in Government policy in recent years, which has moved the interests of looked-after children much further up the political agenda.

These children are often the poorest of the poor. They and their families are at the bottom of the pile. In contrast with most children, whose interests, welfare, health and education are universally popular among the population at large, looked-after children, especially when they reach their teenage years, are frequently reviled, stigmatised, discriminated against and scapegoated by the adult population. That is the fact of the matter. It shows the difficulty that we have—as local authorities, health authorities and Governments—in re-establishing this group as victims.

The figures are quite stark. Other Members have mentioned some of the statistics, and still only 14 per cent. of looked-after children gain five A to Cs at GCSE. Among the population as a whole, that figure is 65 per cent. Only 46 per cent. of looked-after children get past key stage 2 level 4 in English, compared with 81 per cent. of the population. The most striking figure, of which I was only reminded earlier today, is that whereas in the population as a whole 3 per cent. of children have statements, 28 per cent. of looked-after children have statements; the figure is nine times higher in that group of young people.

Let me mention two brief anecdotes that seem to me to encapsulate some of the difficulties experienced by these young people, and perhaps how the state's approach has changed. One of my earliest and most enjoyable experiences as an MP in my constituency was an awards evening for looked-after children in Bury. The children and their families were invited to the town hall for a wonderful party and celebration of their achievements organised by the then director of education. Every child received recognition in some shape or form, whether they were on their way to university and celebrating their A-level results or whether they had very modest achievements. The evening culminated in music, dance, a disco and plenty of food and drink for the children, their families and the teachers and support workers who had worked with them.

I vividly remember one of the most outgoing of those children, a young woman, partly Afro-Caribbean, who came to talk to me about Members of Parliament, Prime Minister's questions and Tony Blair. She had watched Prime Minister's questions on the television and wanted to know what it was like. I thought, "What an amazing young woman. She's come through the most difficult experiences—moved around from foster family to foster family—yet she still has, at the age of 14 or 15, this high degree of optimism. She will probably survive and have an interesting future."

Four or five years later, that young woman came to my advice surgery, heavily pregnant, dressed in a way that could only be described as eccentric, clearly under the influence of some substance and clearly with mental health problems. She came to ask me for assistance, but did not quite know what assistance she needed. She came also to complain about social workers, but was not quite able to put her finger on the source of the complaint. She wanted to complain about the national health service, but was not able to explain where it was not dealing with her needs. Her experience over the four or five years between the age of 14 and the age of 18 or 19 seemed to me to be almost a metaphor for the way in which the state had failed so many young people in care.

My second brief anecdote concerns an experience the Committee had when we were compiling the report. We met, in the Jubilee Room, a group of young people in care who had come to tell us about their experiences. They provided informal evidence to our Committee and they were incredibly resilient, confident and outgoing young people. They were older; they were aged 18, 19, 20 and 21. We listened carefully to what they had to say.

There was one thing that I occurred to me as we spoke to them—and I reiterate the comments made by the hon. Member for Leominster (Bill Wiggin) about the importance of listening to children. I found it remarkable how astute they were about how their experience had gone wrong, pointing out the awfulness of the instability of not having a regular social worker and of frequent moves from one foster family or care home to another. They demonstrated that, in spite of that, with the right kind of support—they had all had significant support from voluntary organisations and charities, and particularly from committed individuals—children in care can come through and can survive. In their late teens and early 20s, those young people seemed to be getting their lives together. The message of that second experience was positive, because attitudes and policies have changed in the past few years. The result is that young people in care get a slightly higher priority and a slightly better share of the cake.

One reflection of that is the document published in May by the Department for Children, Schools and Families which tackled head-on the need to improve educational attainment in schools. I very much welcome the proposals that every local authority should have a virtual head for looked-after children, and that every school should have a designated teacher for them. Other proposals include ensuring that all looked-after children have a personal education plan and get the one-to-one and small-group tuition that are so important for those who are vulnerable and uncertain about their relationships, and who find it difficult to cope in larger numbers.

I welcome the fact that the Government have already introduced the £500 educational allowance pledge. It is not yet clear how that is working or exactly who is responsible for allocating the money, but it is crucial if we are to give looked-after young people the benefits, advantages and extra-curricular activities that are taken as read by most average families in this country. Above all, I welcome the changes in the most recent code on school admissions, which prioritise the needs of looked-after children and are central to giving their schooling greater stability. The Government's track record, in recent times and in that latest document, shows that they are moving very much in the right direction.

However, education is only part of the issue. As I and other hon. Members have noted, the stability of placements and the continuity of social workers are crucial. In this country, we have had problems with both foster and residential care. As often happens in public policy, the pendulum swings from side to side according to fashion.

The Committee looked at what happens in other countries, and at the variable experience in different parts of the UK. It seemed to us that there is no perfect or agreed model for what goes on, and that there should be no targets for the numbers of children to be placed in or removed from residential care. Both foster and residential care can be provided in a way that is absolutely suitable to children's needs, so we need to look at the matter as a spectrum rather than as an either/or problem.

In our inquiry, the Committee saw some very good examples of residential care, although not in the UK. Sadly, we had to go to Denmark to see them, but that does not mean that we cannot reach the same standards here. I know that there has been dramatic change in the UK in recent years; the old large and impersonal children's homes have been dismantled, while smaller units with a more family-oriented atmosphere and approach have been developed. That is all for the good, but let us not say that there is a unique model that must be applied in all circumstances. We need a continuum of care as well as flexibility, so we should not try rigidly to impose any particular model according to the fashion of the day.

Underlying many of the criticisms of some aspects of foster care—and certainly of residential care—is the question of how we recruit people to the wider children's work force. We know that, as a nation, we have a problem with the low status allocated to staff working in pre-school settings, residential homes or children's social work. The only conclusion to be drawn is that, if we give such jobs low status—as a profession, or in respect of the opportunities for progression, the qualifications required for entry or pay and remuneration—it is because we as a nation do not recognise sufficiently the importance of the health, care and welfare of children.

Other countries in Europe are, frankly, light years ahead of us. Until we can put the interests of children absolutely at the heart of public policy and reflect that by ensuring that some of the brightest, best qualified and most highly motivated young adults want to work with children, we will never bring about the cultural change that we need. The Chairman of the Committee has already pointed out that we felt that that was such an important part of our inquiry that it has led to a further inquiry specifically on the training of social workers that will also produce some interesting recommendations.

The selection of not just children's social workers but people who work in residential care settings should be considered. My recollection is that our inquiry was quite specific: we felt that anyone working in a residential care setting should require a level 3 national vocational qualification. There is much work to do, perhaps more formally, in improving the training and support available to those who take on the role of foster carer.

I want to make two further comments, the first of which is about the whole question of leaving care, on which hon. Members have commented. One of the biggest gaps in our provision even now is that so many children leave their care setting too early. They finish up on the streets. They finish up sucked into crime, drugs and prostitution. They finish up becoming disoriented and living in inappropriate housing, next to inappropriate neighbours. The Government are greatly interested in that at the moment. Many of the charities that work in the field are calling for a national housing standard for care leavers.

I want to compare—I do not think that this comparison has been made before—the way in which we as a nation consider housing for young people in care with how we consider housing for undergraduates. Every young person who goes to university has the opportunity to stay in a university hall of residence—not absolute luxury, but basic, clean, comfortable, sheltered, protected and regulated accommodation. If we can look after the interests of the 43 per cent. of young people who go to university by offering them appropriate housing with regulated standards, why cannot we support the interests of the much smaller group of young people who are in care with the same kind of standards for their housing when they move to adulthood? So the contrast between the accommodation that many 16, 17 and 18-year-olds live in, often by themselves and next door to some pretty unpleasant adults, and the environment in which our university undergraduates live, in their halls of residence, is absolutely striking.

With the Every Child Matters agenda and the proposals made in the "Care Matters" White Paper two years ago, we have brought about impressive integration in children's services. Certainly, social care and schools are working far more closely together than ever before, but there are two gaps. I am deeply concerned about whether the health service fully recognises the difficulties of looked-after children as a category. I am not absolutely convinced that GPs—obviously, GPs vary enormously—are fully locked into the Every Child Matters agenda. It seems to me from my experience and from listening to some of the evidence given to the Select Committee that GPs are still protecting their professional practices and less willing than other professionals to co-operate with regard to the interests of children.

I was interested in the very important point about child trafficking made by the Chairman of the Home Affairs Committee. I also flag up the importance of policing. I had the interesting experience two years ago of spending some time with Greater Manchester police, touring the various towns of Greater Manchester at different times of the day and seeing a remarkable number of young people—it was impossible to say whether or not they were looked-after children—drifting and hanging around in the most unusual places and getting up to the most appalling activities at all hours of the day and night. Many of them would have been children who had been in care, but I do not think that the police have yet understood the importance of having a slightly different response where that is the case. To reiterate a point on the important issue of children who are trafficked, I point out that if there is to be a joint inquiry by the Children, Schools and Families Committee and the Home Affairs Committee, it would be fruitful to explore the relationship between the criminal justice system and looked-after children.

Finally, I hope that the report will lead to more than just short-term improvements. So much of our history of responding to issues related to looked-after children, child abuse and the murder of children has been a

[Mr. Chaytor]

history of knee-jerk responses. An incident happens, the public are outraged, the Government respond and then we forget about it. I hope that we have moved on from those days, and that the report's influence on Government policy can be much longer-lasting. Our Government are starting to take the issues far more seriously than any Government have done for many years. I welcome the progress made in recent years.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the next hon. Member to speak, I point out that, although it looks as though we have all the time in the world, and not too many people are seeking to catch my eye, it would be helpful if hon. Members would remember that we have a second debate after this one. Members ought to remember that when they make their contributions.

3.1 pm

Paul Holmes (Chesterfield) (LD): I should like to start by praising the work of Select Committees, although perhaps that is slightly self-indulgent, as I am a member of the Children, Schools and Families Committee. The hon. Member for Huddersfield (Mr. Sheerman), who chairs the Committee, touched on the subject slightly, but did not go into too much detail in order to spare his blushes. Recently, a national newspaper looked at the work of Select Committees and praised three in particular, including the Education and Skills Committee, now the Children, Schools and Families Committee, and its Chairman. That highlighted the very effective work that Select Committees, and three of them in particular, have done in recent years.

The Select Committee is a good model; it has worked very well since the big expansion of Select Committees in 1979. There has been talk of reforming the way in which this place works to make the job of scrutinising the Executive more effective. Hopefully the expansion of the role and powers of Select Committees is one of the measures that will be taken in the next year or so. It will mean that 30 years on from the '79 expansion and experiment, there will be a further expansion of the work of Select Committees. The Select Committee report that we are considering is a good example of what Select Committees can do so well.

A number of hon. Members referred to the fact that in a normal family situation—whatever "normal" is—children do not, at the age of 16, 18 or 21, leave and never again have contact with their siblings, parents, uncles and so on. In fact, it is the norm for people to get a lot of support from their family system until they are well into their 20s, and even later. A lot of the latest stories are of children going away to university, getting jobs, getting their own place, and ending up back in the family home in their early 30s. I am a parent of three children, the eldest of whom is 24. She lives close by, but she is often not in her flat but at home, emptying the contents of my fridge, drinking my drink, watching my TV and so forth. Of course, we are always delighted to see our adult children; we are pleased that they come back to see us. That ongoing support is the norm.

When considering the model for that strange creature, the corporate parent—the state as parent—we should very much bear in mind what the model is for a normal family. The state as parent takes on responsibility for children who come into care because they come from very abnormal family backgrounds. Some 62 per cent. of children in care have been taken into care because of direct neglect and abuse by their family. A large percentage of the other 38 per cent. of children come into care because of family dysfunction, severe illness or death in the family. They come into care because they come from the opposite of a "normal" family and family background. They have already had a traumatic experience in their life. Whether they come into care at four or 14, they have already had a difficult upbringing.

If the state as parent is to discharge its parental duties to looked-after children, it has to run twice as fast simply to stand still. It has a moral duty to discharge those responsibilities to the best effect, and there is common, human sense in its seeking to do so. However, if we had to make a hard-nosed case to the Treasury, we could cite the pure economic sense behind it, too. The cost of not helping looked-after children—the cost of social breakdown, the cost of substance abuse, the cost of mental illness, the cost of the fact that half of prisoners under 25 years old and up to one third of prisoners of all ages have been in care, and the cost of picking up the pieces from that failure—is far greater than the cost of investing in and looking after them properly in the first place. There is an obvious moral case for discharging that duty properly, but one can make a hard-nosed economic case in Treasury terms, too.

I am sure that the Minister, in her response to the debate, will say that much progress has been made. Indeed, the Government, in their published response to the Committee's report, agree with most of its findings and point out how they are making progress towards its objectives. They deserve praise for the progress that has been made, but we have an awful long way to go if we are to emulate what the Committee saw as the best systems in other areas. Denmark is the one that everybody has mentioned.

The point at which one leaves care has been exhaustively discussed, so I shall not go into it, but is it 16 years old, 18, 21 or 25? It was quite shocking to hear one social worker who came to talk to the Committee two Mondays ago say that, in her authority, there was pressure not to go into any permanent arrangements or accommodation arrangements with 15-year-olds, because they are only a few months away from no longer being the authority's responsibility. The idea that 15 to 16-year-olds are already being cast adrift is outrageous. There are welcome moves to extend the leaving age, but surely it should be extended beyond 17 or 18 years old.

Accommodation provision for young adults of 16, 17 and 18 years old is also an issue. The Government, in their response, talk about bed and breakfast being provided for somebody in that situation, and that is not suitable. Councils are now being told that they should give looked-after children priority for housing, but we keep being told that they should give many other groups priority, so we need to look at the issue of joined-up government thinking, because Government policy for the past 12 years has been not to allow council house building at all.

Just over 4,000 council houses have been built in 12 years, and that is meaningless. The housing associations that were supposed to fill the gap have, on average, built

22,000 units of social housing per year for 12 years, when the Government's own Barker report said that 46,000 to 50,000 units were needed just to stand still—without even reducing the waiting list. Furthermore, the waiting list for social housing in general and council housing in particular has doubled nationally: it has gone up from 1 million in 1997 to almost 2 million now.

How do councils give priority to people leaving the armed forces or looked-after children who are moving into independent accommodation? How do they give priority when their supply of social housing is totally inadequate to meet the needs of all groups—families, people with children and single mothers. Whatever the category, the massive shortage of social housing and council housing cannot meet those needs.

I can think of examples in my constituency. I presented GCSE awards at a school a few years ago, and one girl won prizes for her fantastic GCSE artwork. Indeed, one of her paintings hangs in my office here in Westminster now. She succeeded at school despite a very difficult family background and having been in care, but at 16 years old she was about to leave school, start college and move into a council flat in one of the least desirable areas of Chesterfield. How would that 16-year-old girl get on as a young, single person, living on whatever benefits were provided, on her own, while trying to pursue her education, without the normal family support that we would expect for our children? We still have a long way to go if we are to move beyond that situation.

I was a teacher for 22 years, so education is dear to my heart. When I was head of year and responsible for children's pastoral care, I noticed that some children would turn up in school, be around for a couple of months and then move on; they just kept moving on from their foster care placements, or whatever arrangements had been made. Years later, we heard about exactly the same thing from the children who gave evidence to the inquiry—about children who were constantly in a state of flux and moving from one place to another. The situation might be due to the difficulties in recruiting enough foster parents. That issue needs tackling, as the report says, but there might be all sorts of other reasons why such children are moving around.

The norm in education should always be that the young person stays in their school place. That should be a priority; it is much better than their being shuffled around to a convenient place somewhere within a radius of 20 or 30 miles, which means that they keep changing school. The stability of a child's education is essential to any success that they have in exams, literacy or numeracy.

The hon. Member for Leominster (Bill Wiggin) said that placing looked-after children in academies with residential places might be an answer. He may want to respond, but I should say to him that I am puzzled by that. When academies were launched, the whole concept behind them was supposed to be that they would replace failing schools, which are almost entirely in deprived areas in the inner cities. Surely the best thing for looked-after children, who come from already difficult circumstances, is for them to be given priority for school places in the best, most successful schools—not in the academies, which take over, in theory, from failing schools in the most difficult circumstances. It would be good to see priority given to giving looked-after children the best places in the best schools.

Tim Loughton: I have listened to what the hon. Gentleman has said. Surely the point is that academies take over failing schools to improve the educational chances of the people there, and although it is early to say so, their record is good. Furthermore, I am sure that he will acknowledge the importance of continuity of education in a familiar environment for the young person in care, whenever possible. If the hon. Gentleman is saying that if an academy has taken over the young person's school, they should not go there any more but attend another one in another area, I tell him that that would defeat the point.

Paul Holmes: I thank the hon. Gentleman for that partial clarification. I heard what was said as meaning that academies would be the obvious, logical places for looked-after children; to me, the obvious place is the best school nearest to where the child is—that may well be the school that they already attend, of course.

This is not a debate about education as such, but I should say that the jury is out on academies. Yesterday morning, the Select Committee spent three hours considering the academies issue. The Government's commissioned research from PricewaterhouseCoopers says that only very flimsy evidence shows that academies in general improve any more than other state schools that use other educational innovation. That issue, however, is more for a specific debate on education.

Bill Wiggin: I was referring to academies and, more importantly, to academies with residential facilities. If the hon. Gentleman checks, he will see that looked-after children who go to boarding schools achieve far better results than those who do not. I hope that the hon. Gentleman will look more favourably on the matter. If the academy system can deliver such an opportunity for looked-after children, I am sure that he welcomes that.

Paul Holmes: I regret the fact that boarding provision in state schools was more or less wiped out during my years of working in schools. There were, for example, two state schools in Derbyshire with boarding provision, one of which I worked at. One had disappeared before I started working at that school and the other disappeared a few years later. There is no state school with boarding provision in Derbyshire now. That is regrettable, and a move back in the other direction would be useful.

However, I disagree with the idea that provision for looked-after children should be linked only to academies, which make up a tiny percentage of the 3,000 secondary schools in this country. As I said, the jury is out on academy schools; at least a third have had worse results since they became academies. We do not want to pin all our hopes on a totally untried and minority experiment. There are questions about providing enough support for looked-after children who have come from such difficult backgrounds given the numbers of staff available. Having worked in education for a long time, I know about the difficulty of getting access to educational psychologists, for example. In Denmark, there were incredibly well-paid, motivated, intelligent, enthusiastic child psychologists in more or less every meeting we went to, and they provide a great service. In this country, they are as rare as hens' teeth.

We have already heard reference to whether an NVQ level 3 should be a minimum requirement for somebody working in a residential setting. The qualifications and pay of social workers are relevant issues, and the Committee

[Paul Holmes]

is undertaking an inquiry into their training and qualifications. If we are to take this seriously, we may need to emulate many other countries across western Europe that do this so much better.

The major unanswered question that came out of the Committee's report and still hangs there, perhaps for a future inquiry, is the balance between adoption, fostering or residential settings as the desired way of dealing with children who go into care, and what ratios there should be between those options. There are big differences between countries in how they approach this and, as we heard from the Chair of the Committee, between local authorities in Britain. Adoption is seen as one route, much more so in this country than in Denmark, where people were desperate to avoid any adoptions because they wanted to maintain the family link for as long as possible, if not for ever. They take a completely different attitude.

On fostering, we heard evidence from several young people who, between them, had very long experience of the care system. There was some evidence of good things, but one of them told an alarming story, which was backed up by another, of being in a foster placement where the foster carer regarded it simply as a way of earning money. When there was a Christmas or birthday party, the foster child was not allowed to take part in that family event. There was a shocking example of a foster child having a separate mug in the kitchen because they could not use the family crockery. It seemed appalling that a foster carer was allowed to do that. I must emphasise that those examples are very untypical—at least, I hope so. My wife worked in social services for a long time and undertook a lot of approvals of foster parents and adoptive parents in Derbyshire. I got to know many of them in that way; some are still friends now. I have certainly never come across an example like that in Derbyshire, as an individual through my wife's work or as a politician. It was shocking to hear, only a few months ago when we were taking evidence, that those things were happening. We need to look at the standards and requirements for foster care placements across the country.

On residential settings, the old, large, crumbling Victorian institution housing large numbers of children is very much a thing of the past. We saw some good examples in Denmark, but to be fair we saw some in England too, when we visited places just outside London. The nearest residential care home to Chesterfield, which is about a quarter of a mile up the road from where I live, is a modern house that has no more than six people at any one time. That is very much the direction in which residential settings have gone in this country, although there is still progress to be made. Another question raised by the Committee and left hanging is the point at which we intervene, initiate care proceedings, send children back to their families, and so forth. My hon. Friend the Member for Birmingham, Yardley (John Hemming), who is hoping to speak shortly, might disagree with me about this. I am not saying what I would prefer, merely that these are huge questions raised by the Committee's report. In Denmark, the key appeared to be the desire to maintain the family link, even when the child was taken into care. We were surprised to hear—the Chair referred to this example—about a child who was in care because he had been sexually abused by one of his parents, yet those parents were still invited along to birthday, Christmas and end-of-school events to maintain a link with the child, whereas in this country we would tend to cut that link quite sharply. It was suggested that that was one of the main reasons for the success of the Danish system.

We should not cherry-pick when we look at different ways of doing things in other countries; we have to look at the whole picture. In Denmark, we saw not only that emphasis on trying to maintain the family link at all costs, but an emphasis on intervening much earlier, with twice as many children per head of population being taken into care than in the UK. Denmark has the highest rate in Europe of taking children into care, so there is a different approach altogether. We saw that all people involved in child care were much more highly trained and paid than those in this country, so the whole system was very different. We should examine the pattern rather than pick out one of four or five matters that were different.

We have heard arguments about whether we are too slow to intervene in this country. When the Committee extended its inquiry because of the baby P case, Andrew Flanagan, chief executive of the National Society for the Prevention of Cruelty to Children, said that children were being left in danger at home. Wes Cuell, the NSPCC's director of children services, said that children "stay in dangerous families and end up getting killed." An Ofsted review reported that thousands of vulnerable children were at risk because councils did not move fast enough to protect them.

Some of the social workers who talked to us said something that I have also heard in years gone by from my wife and her colleagues—that we take too far the approach that families must always be kept together. It was suggested in the inquiry into the baby P case that the emphasis was on the mother's needs and how we could support her, and that we lost sight of baby P. Whether we intervene too late is a huge question that has been left hanging in the air by the baby P inquiry, the Select Committee's report and the evidence from bodies such as the NSPCC and Ofsted.

Educational outcomes were referred to earlier. It has been said that looked-after children get a much worse educational outcome than an equivalent 16 or 18-year-old who has had a normal family background and education. A comparison was made with Germany a couple of years ago, but because Germany intervenes sooner, and for a larger number of people, the sample is not comparable. We intervene late and for a smaller, hardcore sample of more damaged and more vulnerable children. Inevitably, their outcomes of any kind, whether alcohol abuse, educational success or mental illness, will be worse than in a larger, more normal sample of children.

A big question has been left hanging in the air. I certainly do not expect the Minister to answer it in 30 seconds, as it probably needs a whole new Select Committee inquiry and a national debate. It is whether we intervene too late and whether we put too much emphasis on keeping children with their family at all costs, even when the cost can be death and damage to children that could have been avoided by earlier intervention, as Ofsted and the NSPCC have argued.

John Hemming *rose—*

Annette Brooke (Mid-Dorset and North Poole) (LD) *rose—*

Mr. Deputy Speaker: Order. The House will have heard my earlier comments about the timing of speeches. I hope to get the last two Back Benchers in, but unless contributions are considerably shorter, one of them may miss out.

3.22 pm

John Hemming (Birmingham, Yardley) (LD): One of the interesting aspects of this subject is definitions. Let us take the definition of care. A child is "in care" when there is a care order in place, but even then, that child may be placed with their parents. The fact that there has been an intervention, and maybe an early one, does not necessarily mean that it is a stressful intervention with a child being put with a foster carer some distance away. We should look systematically at how families are supported, and organisations such as Home-Start are very good for that.

When we compare different countries, it is critical that we get our definitions right, otherwise it is unclear what is going on. We take into care, through care orders, about 7,000 to 8,000 children a year.

Meg Munn: Surely the hon. Gentleman is not ignoring the children who come into care under section 20 orders, which are voluntary, and who therefore do not have care orders?

John Hemming: That is true: there are children in care under section 20 orders, and there are a few children in respite care, too. I accept that point. Of the more than 60,000 children in care, roughly a third are voluntarily put into care under section 20 orders, but I always find it a bit of a mistake to take them into account when calculating figures on adoption targets, although admittedly we do not have those targets now. One would not expect children who are on section 20 orders because their parents cannot cope with them to be adopted.

Definitions are very important, and including those under section 20 orders we take into care about 7,000 to 8,000 children a year. The figure used to be about 5,500, according to the SSDA903 return, which goes to the Department for Children, Schools and Families every year from each local authority.

We have to look at what is best for the children. That is the key driver. We have international information and information from academic research to use in making comparisons, but where the Government go spectacularly wrong is in not doing proper research into what is happening. For instance, the Government's response to the Committee's report says, on page 16:

> "The Government believes that children should be supported to live with their parents wherever possible".

However, there is no analysis of what is being used as a reason for removing children from their parents and what is not. A small piece of research done early last year looked into some of the issues. It identified that the children of mothers who have been in care are often taken into care in part for that reason, thereby creating a self-fulfilling prophecy. Somebody is in care, they then have a child, and the fact that they have been in care is used as a reason to take that child, too, into care under section 31 proceedings. In my view, that is not a very sensible thing to do in the long term.

We have to look at the academic research. One paper, which examined the evacuation of British children during world war three, when large numbers of children were, in effect, voluntarily fostered, is particularly interesting.

Tim Loughton: World war two.

John Hemming: That is true. Sorry about that—a slight error there, but who knows?

That research was published in a report in *Aging and Mental Health*, volume 7, issue 5, 2003. It found that the experience created an attachment disorder, which, in a sense, suggests reasons why the Danish approach is particularly good; it is an interesting question whether we should subcontract the entire system to Denmark. What we are not doing is finding out to what extent the way in which the care system operates creates reactive attachment disorder. There are obviously a number of cases, but the Government have done no research.

Meg Munn: I question what the hon. Gentleman is saying. I have tabled questions about research that may not have been done by the Government, but which was funded by them. A huge amount of research is done; my question is whether it is then disseminated. However, I could tell the hon. Gentleman at length—although obviously not today, Mr. Deputy Speaker—why certain things are done in the UK, such as the move to smaller children's homes. Those initiatives are based on research.

John Hemming: I am talking about research into particular issues, such as reactive attachment disorder, children who are adopted and then readopted, and why we try to get so many children aged seven, eight or nine adopted when that is clearly not in their best interests.

We need to look at some individual cases. Let us take the case, which the hon. Member for East Worthing and Shoreham (Tim Loughton) knows well, of Sebastian Godfrey, the grandson of Conservative county councillor Janet Mockridge. He is on the run somewhere on the continent with his mother and baby sister. They are on the run because Medway, the local authority—

Mr. Deputy Speaker: Order. Obviously I do not have detailed knowledge of the case, but I am not quite sure—

John Hemming: It is not sub judice.

Mr. Deputy Speaker: The hon. Gentleman is ahead of me. I want to ensure that he is aware of the sub judice rules and that he is taking great care to ensure that he observes them.

John Hemming: My understanding is that the case is not before any court at the moment. Sebastian and his mother have been on the run for around 14 months. The father of the baby girl was jailed for 14 months, but has since been released. The family is on the run in Europe, yet Medway social services will not drop the complaint to the police and still wants the mother to be arrested under an international arrest warrant.

I look at that case and I think, "What are the best interests of the child? What are we doing that could be of benefit to the child?" There are two children living with their mother on the run in France. One is not subject to the UK's jurisdiction because the child was

[John Hemming]

born abroad and so cannot be taken away from the mother, but the other child could be taken away through proceedings under The Hague convention. What are the best interests of the child? Why does Medway want to continue the prosecution?

There are cases where mothers have 14 babies on the trot, each one of which is taken into care and adopted. The cost of doing that is about £200,000 a child, which totals £2.8 million. That is not unique: there are a number of cases of people with 18 children, and I have seen smaller numbers, such as 12 or 10. However, is that really a good way of handling the care process? Would it not be feasible to try to support the mother in some way? I have looked at the detail of those cases, so I know what the reasoning behind them is, but is that really the best way forward? Does it work well? I was looking at a case on Monday, and it was clear from the papers that the child, who was about 12, wanted to return to her mother. There was no reason why she should not do so, but, according to the papers, she recognised that she could not return until she was 18.

I accept that my proposition would not be the best way forward for all children, and that we need to intervene and take some children into care, and to put others with foster carers from time to time, but I tend to see the cases in which the system has gone wrong. The case of Sam and Adam Johnson is a good example of that. They are 15 and 17, and subject to a care order because they have fallen out with their mum and are prevented from living with their father. Sam has been able to go back now that he is 17. Essex county council has wasted a massive sum of money on that case. I talk to practitioners in Birmingham who say that they would never do that. Fair enough, but why did Essex county council do it? Initially, the local authority did not want to do it, but it was persuaded by the judge. Some very strange things go on, and unless we deal with them, the system will continue to steamroller people. At the moment it is steamrollering adults and children. Everyone here agrees that the outcomes of the system are disastrous.

Obviously, there is good practice going on, but there is also bad practice. It is a good idea to have advocates for children, for example, but they must be independent. They cannot be appointed by children's services. The National Society for the Prevention of Cruelty to Children does some very good advocacy work, and the reason why it is good is that the advocates are not appointed by the local authority. The people providing the services cannot also be the ones who appoint the advocates. To go back to the comparison with Denmark, it has been said that the best advocates are the child's natural parents, but we have a tendency to squeeze them out of the process. The figure of 7,000 to 8,000, based on SSDA903 returns, has been mentioned. Over half of the children under the age of 10 who go into care come out into adoption, according to the old figures. In 2004-05 the figure was about 3,800 a year.

The system causes wrong decisions to be made in a material number of cases. It does not operate proper checks and balances. Now is not the time to go into the flaws in the family court system at great length, but the report is good in that it recognises the difficulties with the integrated children's system. I have written a report jointly with two social workers on why the integrated children's system causes social workers to remain in the office and make the wrong decisions because they cannot get out to see their clients. They are forced to feed their computers instead, and I am not convinced that the Government are doing enough to deal with that. People make the wrong decisions, the whole thing is driven through the system, ignoring realities at certain stages, and come hell or high water, they stick to the original decisions.

There are social workers who agree with me that there are serious problems in the systems. In the family court system, for example, we find that the children and the parents are often trying to fight the professionals, which is not the way to achieve good child care and good outcomes for children. There are even cases involving 14 or 15-year-old children in which a guardian from the Children and Family Court Advisory and Support Service is trying to interfere. There is no role for a guardian in such cases. CAFCASS is supposed to represent the interests of a child, and it is unclear why it should be anywhere near a case in which the child is clearly Gillick competent.

One of my biggest concerns is the way in which mental capacity is abused. Rachel Pullen's case is quite well known. I also know of another case in which a woman failed an IQ test that she was given through an interpreter, resulting in a psychologist deciding that she did not have the mental capacity to instruct a solicitor. She was then prevented from opposing care proceedings. As in the Rachel Pullen case, a later psychologist's report found that she did have the necessary mental capacity. The second psychologist spoke the woman's language, which made a difference.

Obviously, it is a bit of a waste of time asking Lord Laming whether he was right last time. We really need a proper investigation, and I am pleased that we are making some progress in the Council of Europe, whose legal affairs and human rights committee is to examine family justice in this country.

The Government need to carry out proper research into how the care system operates and where it is systematically going wrong. We are lucky that, in a sense, there is a social science research experiment in the country as a whole, because we have the Scottish system and the English system. In Scotland babies go home to their parents; in England they are adopted. It is thus possible to make a comparison of how the systems are operating where people speak the same language and have quite similar legislation.

I could speak at massive length about the issue, but there would be no great merit in doing so, and I want to allow my hon. Friend the Member for Mid-Dorset and North Poole (Annette Brooke) to contribute to the debate. We are not looking sufficiently at where the problems are. Unless we really focus on where the wrong decisions are taken, and unless we have a system of checks and balances that operates in the best interests of the child rather than what is best for the people who make money out of dealing with children, we will not make progress.

3.35 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): I congratulate the hon. Member for Huddersfield (Mr. Sheerman) on his leadership of the Select Committee, which brought this report about. I feel quite privileged to have played a small part in it myself, but the leadership

is very important. When the report was published, it received considerable media attention—across a wide range of media—and I believe it was a good reflection on our society that this subject was news and that people wanted to reflect on it. I hope that only good will come out of it. I want briefly to address just a few issues and to push the Government a little further on their response.

My first point is about the threshold for taking children into care. I agree with my hon. Friends that the report has left questions in the air in that respect—and rightly so, as these are really important questions. We know that there is a great variation across the country; we do not want to think that decisions are made on a cost basis, but we do not know. We know that since the baby Peter affair, there has been an enormous increase in the number of children taken into care, and we anticipate that as that incident fades into the back of people's minds, those numbers will diminish. We heard about the same experience—of rises and falls over time—in New York. That is not good enough; we need a balanced approach. I agree with the Government that local decision making and taking the right decision for each individual child is important, but there must be a national debate, which would also need to reflect in a deep way on international experience.

I was quite alarmed when I saw an edition of *Children & Young People Now* with the headline "Councils 'capping' care places". Further reading revealed an example of a county council that

"has had 60 children in residential care every year from 2004 to 2008".

There might be all sorts of reasons for that; there may be some rounding of the numbers, for example. I do not know, but that example raises questions, which need answering, about whether that council has a fixed number of places and draws the line there.

I remember the introduction of quality protects and the concept of corporate parenting being introduced in 1997; there was some good stuff in that. However, as I read the Government's response, I find it seems to be saying, "All these statutory partners in the children's trusts will all become corporate parents," but corporate parenting means doing something as well as being something. I suspect that there is a major role for elected members to give real leadership within their local authorities. I would like to see some good practice publicised across the country, as I suspect some authorities do corporate parenting a lot better than others.

I also want to reflect on health and well-being, as the passage of the Children and Young Persons Bill through Committee was frustrating for me. I failed to get my amendment accepted because it dealt with a health matter. I think we need more joined-up Government. The Government's response is, I think, basically in agreement with the Select Committee, but we need more than words. Many troubled and vulnerable young people are brought into the care system and many of them will have been abused, yet therapeutic treatment is not available promptly across the country. Provision is really patchy. It is not good enough just to promise assessments; we really need to offer the treatment. It must be provided promptly if we are to break the cycle of abuse. There has been talk of what will happen in the future; perhaps the Minister will give us an idea of the time frame.

Of course children and young people need to stay in care for longer, especially as 45 per cent. of those in care are adolescents. Evidence given to the Select Committee by one of our witnesses suggested that the GCSE results of 16-year-olds in care were remarkably good in view of the state that those children were in when they entered the care system. Because there is so much catching up to do, young people in care are likely to need to continue their education for quite a bit longer. I was pleased when Dorset was chosen as one of the areas for a "staying put" pilot scheme. Has the Minister any idea when we may be able to move beyond the pilots? I understand that they are going rather well.

I was also pleased that the Committee considered the issue of kinship care. However, although a little more money is available since the passage of the Children and Young Persons Act 2008, I know of grandparents who are forced into hardship when they are doing their very best for children. Of course we do not want them to do it for the money, but I have witnessed the making of great sacrifices. "Voice of the Child" is dear to my heart, and I welcome the creation of children in care councils, although I should have preferred them to be statutory. I am not sure that they will be provided by all local authorities, but I sincerely hope that they will.

The Committee said a great deal about advocacy. We argued strongly that every child should be entitled to an independent advocate whenever a decision was made about him or her. The Government responded favourably, making a commitment that future statutory guidance would state explicitly that children were entitled to such support. When will that guidance be introduced, and when will this actually happen? Let me issue a particular plea for disabled children. Many children in the care system are severely disabled, and they of all people need advocates—not necessarily the advocates whom we might expect to appoint, but those who will understand their gestures and emotions.

The right hon. Member for Leicester, East (Keith Vaz) made an important point about trafficked children. We have much more to do in that regard. I was disappointed that the Government did not accept the Committee's recommendation that a guardian should be appointed for unaccompanied asylum-seeking children. The Government keep turning their back on that all-important issue.

There is much to celebrate in the progress of some young people through the care system, and indeed much to celebrate in terms of their achievements on the way; but as we have been saying for a long time, we must do better. The quality of the work force across the board is key, as is the stability of placements. I agree with the hon. Member for Huddersfield (Mr. Sheerman) that every child in our society ought to be entitled to live in a stable loving relationship.

I suspect that the Select Committee's report on social workers will be of great significance. We have heard compelling evidence to suggest that things need to be done very differently. Having read the preliminary report of the Social Work Taskforce, I hope that the Select Committee's report will make a bigger contribution. There is good practice, but we need to provide the best for all our children. We must make a cross-party commitment to tackling a very real issue that we have not faced up to over the years.

3.44 pm

Tim Loughton (East Worthing and Shoreham) (Con): We have had a good and full debate for a Thursday afternoon, with some excellent contributions from both sides of the House on a range of different subjects. Different expertise was introduced into the debate, starting with the right hon. Member for Leicester, East (Keith Vaz) who spoke about child trafficking. My hon. Friend the Member for Leominster (Bill Wiggin) catalogued all the very poor outcomes—I will not repeat them—that I am afraid are very much a fact of life for children in the care system and the generational vicious circle of under-achievement that we so often see.

The hon. Member for Bury, North (Mr. Chaytor) is no longer in his place but he mentioned that we are talking about victims. It needs to be reinforced that in 99.9 per cent. of cases of children who find themselves in the care system, it is not their fault. They are the victims. They come from a damaged background and they deserve and have the right to a second chance at a decent upbringing, which is what the care system should be able to provide for them.

The hon. Member for Chesterfield (Paul Holmes) made some interesting points about the respective ages of leaving care and the particular pressures of the availability of housing. I will not mention the particular cases mentioned by the hon. Member for Birmingham, Yardley (John Hemming), one of which I have a special interest in. He certainly had a great fascination for the detail of statistics and the research that was needed—until, of course, it came to researching the number of world wars, where he was out by a margin of 50 per cent.

The hon. Member for Mid-Dorset and North Poole (Annette Brooke) has spoken a lot on this subject and she made the point that the report received a lot of good media coverage. I wonder whether it would have received the same level of media coverage had it not been in the wake of the baby Peter tragedy. Probably the biggest tragedy is that it takes such a high-profile case to put the subject in the public consciousness and on the front pages, yet it is a problem and a scandal that has been going on day in, day out for too many years.

I congratulate the hon. Member for Huddersfield (Mr. Sheerman) and his Committee on the detail and thoroughness of the report and on being able to secure this debate. As I said, we have not had debates on vulnerable children and children in care in all the time that we have had a Children's Minister; such debates have been held only in Opposition time. They should be held more and we have a responsibility to do that.

The report should not really be necessary. We should have tackled the scandal of these under-achievements a long time ago. Along with child protection and safeguarding, the Government have done a lot in terms of legislation over the past few years, especially since the Climbié report. We have had big structural changes—in children's services and in directors of children's services. Lots of new positions and new databases have been created, with varying effectiveness. We have had new qualifications for the professionals involved in looking after vulnerable children. I fear that the system has become rather bureaucratic. In some cases, it can be said that the system has become more about protecting itself and conforming with the rule books than about protecting the vulnerable children and families whom the people involved are there to protect.

We have been clear for some years—we published "No More Blame Game", the results of the Conservative party's commission on social workers, almost two years ago and made a submission to the Laming inquiry—that new structures, new personnel, new titles and new computer systems are all very well, but they are subsidiary to making sure that there are adequately resourced, motivated, trusted and respected professionals, especially social workers, able to get on with their jobs at the sharp end. It is not computer systems that rescue vulnerable children and provide them with a decent opportunity to rebuild a damaged upbringing by giving them the tools to succeed. It is the right interventions by the right people, properly informed by computer data rather than shackled to those computers for too much of the time as they struggle to fill in ever more bureaucratic integrated children's systems and other assessment forms—constantly chasing their tails, reacting to safeguarding children cases, rather than getting involved proactively to keep families together and steer them away from crisis situations or to remove a child speedily when the value judgment needs to be made.

Nine years on from the tragic death of Victoria Climbié, and following numerous reviews of the care system, it is unacceptable that, for many children, simply taking them into care will condemn them to a childhood of significant under-achievement. If we are taking a child into care, it must be able to replace that child's growing up environment with something that is better. It must take them out of immediate danger but surely gives them something better than they would have put up with had they remained with their birth parents.

We have heard all the statistics. The proportion of children in care achieving five GCSEs or equivalent at grade A* to C has risen from 8 per cent. in 2001 to 13.9 per cent. in 2008. That is progress, but over the same period the proportion of all children—including children in care, so the figure for non-children in care is even higher—achieving those grades at GCSE has risen from 48 to 65 per cent. The gap, which is what is important, has risen from 40 per cent. in 2001 to about 51 per cent. That under-achievement gap is the true scandal, and it shows how we regard children in care. We permit them to under-achieve so badly because the system is simply not looking after them.

Let us look at some other outcomes. The report underlined the fact that 45 per cent. of looked-after children aged between five and 17 have mental health problems, compared with one in 10 of the school-age population as a whole. Also, up to 49 per cent. of young offenders in young offenders institutions have been in the care system, and we condemn them to a recidivism rate that makes it very likely that they will get on to the slippery slope to a lifetime of crime. We still have a long way to go, therefore.

It is not only right in itself that we should redouble our efforts to get a better deal for children in care, but it is a false economy not to do so, as children from the care system feature disproportionately in the fallout from broken Britain. Following the baby Peter case, the situation has become even more urgent, as the number of applications for care proceedings has risen sharply from December of last year. Interestingly, however, the proportion actually resulting in care orders has fallen quite sharply over that period, which raises the question of whether there is an unnecessary knee-jerk reaction. We need to do more research into that.

I do not want to be entirely negative, because in my travels around children's services departments throughout the country in recent months I have seen some excellent examples of good practice—as, I am sure, have many hon. Members. They need to be disseminated more widely, however.

Yesterday morning, I visited an excellent small residential home in Harrow that is run by the local authority. It gives very good support to the teenage residents there. I met the director of children's services for Harrow, Paul Clark, who knows all of the 150 children in the care of that borough. Last week, he took a group of them out bowling. All the children in care in that authority can have access to the director of children's services. We should be able to expect such hands-on contact in all authorities.

On Monday, I spent the day with social workers in Hackney, and saw the effective new social worker units there with their consultant social worker professionals. They are fired-up and motivated people, and they told me that they are now spending more of their time with the vulnerable families and their children, rather than in front of computers filling in assessment forms—although they would like to scrap the integrated children's system or ICS all together. In the past few years, that borough has gone from being almost a basket case in child safeguarding to reducing the number of children in care by about a third. It has done that by being far more proactive, putting in far more resources, and freeing up far more social workers' time to spend with the families in order to try to keep the children with their families and keep the children together. That is the result that all of us want to achieve. Consequently, whereas there are a great many problems with vacancy rates in other authorities throughout the country, for its posts of consultant social worker that authority was turning away 10 applicants for every one recruited—so it can choose the cream of the crop. This can be done, therefore.

Barnet had an innovative recruitment campaign called "Got a new Barnet?" It has brought in a buddy system: every child in care is buddied up with an officer of the council, from the chief executive downwards. Educational achievement, for one thing, has gone up considerably.

Nearby, in Ealing, where I opened the Horizons education centre the year before last, there is a drop-in place for children in care. It is run largely by people who used to be children in care, who went on to university, and who have taken up work with that borough, so they really know what children in care want. As of this year, 18 per cent. of children in care in the borough of Ealing are going on to university, which compares with some 1 or 2 per cent. of the looked-after children population as a whole. That is an extraordinary achievement, and I believe that Ealing's figure is the highest in the country.

Another example that I have seen is the family drug and alcohol court in Wells street, here in London. It is a new pilot scheme, based on an experiment in the United States, whereby intensive support is given to parents who are on the verge of losing their children to the care system. It involves not only rehabilitation for drug and alcohol problems, which are so often the cause of family break-up, but housing support, education support and so on. It is a real last-chance saloon aimed at trying to keep families together.

I have seen examples of family conferencing through the Children and Family Court Advisory and Support Service, and we need a lot more of that. I have seen Foster Care Associates projects offering intensive support to foster carers such that the educational achievements of children in that sort of foster care are alarmingly higher than the average that would be expected. I have seen the Action for Children black families adoption project, which is run out of south London, where black children, and black teenage boys in particular, who are disproportionately represented in the looked-after children system are now finding prospective adoptive black parents, of whom there has been a great scarcity. That innovative project is offering those black children stable, loving homes and a second chance to have the stable family upbringing that they have missed out on.

The Government response to the report was a bit light and could have gone a lot further, although the spirit of it was very much in agreement with the thrust of the Committee's report, most of which I agree with. I support the measures in the Children and Young Persons Act 2008 designating a teacher responsible for looked-after children. I would have also liked to see a designated governor to give some extra beef to the accountability line and ensure that things are carried out in practice. It is important to ensure that children in the care system are kept, wherever possible, in a familiar environment that is close to home, close to family members and extended family members and close to their school so that they can receive some continuity of education, as the lack of that is such a big problem for so many children in the care system.

Let us consider some of the points that the Committee made and the Government's response. The first point is about removing the barriers that obstruct the development of "good personal relationships". We have heard a bit today about the Danish experiment, but I do not think anyone has mentioned the pedagogue view of social work, which is all about empathy between the social worker responsible and the child in the care system. We hear so often from children in the care system about the lack of continuity in social workers. Children are constantly chasing their tails, they cannot rely on the social worker to turn up when they want them to do so, and before they know it the social worker has moved on and there is a change. How on earth can we expect to rehabilitate a child who has gone through such a damaged and disruptive family background if we constantly give them different schools or different foster carers because they are being moved around, or different social workers? These children need to establish empathy, stability and a link with people who have their best interests at heart.

That is why the Danish experiment was so interesting. What I saw in the homes that I visited—I went to Helsinki with the shadow children's team—is a flexibility in the system. In this country, a child is either in care or with their birth parents. In the homes in Denmark—many more children in care there are in residential children's homes, which are almost exclusively owned and run by the municipalities in that country—there is greater flexibility. The children will go home, whatever home may be, at weekends. Once a week in one of the homes family members come in and the children cook dinner for them. We lack that greater flexibility in this country, and we need to see how some of the social pedagogy pilots that are being developed and that will be coming in with residential children's homes pan out, because I think that they could offer some interesting examples of how we can do things rather better.

[Tim Loughton]

The social worker practices to which we gave legislative authority in the recent Bill will be very important, certainly in providing specialisations to deal with some of the more challenging children. We need to consider how to ensure that we can fill the gap in the number of foster carers; there is a shortage of up to 10,000 quality foster carers in this country. There is a postcode lottery of what we pay foster carers and how we support them. If we invested a bit more in the support that we give them, especially those dealing with some of the most challenging children, fewer placements might break down—which is a big problem. We should also do more with kinship carers. It is crazy that in this country some 4 to 6 per cent. of social worker-instigated placements are with kinship carers, but in Denmark the figure is nearer 25 per cent. The guidance says that we should do more, but in practice we are not achieving it. Much more practical help for foster carers, especially kinship foster carers, is needed.

I have a serious concern about what Ofsted is actually inspecting in children's social care. There is still a big problem with the legacy from the Commission for Social Care Inspection. Ofsted is dominated by people from educational backgrounds and we know that there is not a single qualified social worker on its board, so we need to review the way in which it inspects children's homes and other forms of children's social care.

I am glad that the Government have set aside any notion of a target number of children in care. That was a nonsense, as are any targets for children in care. Every child must be treated as an individual.

Many hon. Members mentioned the need to intervene early wherever possible. It is a false economy not to do so, because some children are so damaged when they eventually come into care that it takes twice as much effort to get them back on to the straight and narrow.

It is crazy that in this country the average age at which children leave their parents' home is 25—it is getting later and later because of property prices and the recession—but we expect many children in residential care to go into the big wide world at the age of 16. They face enormous questions about whether to get a job or sit more exams, and how to find housing. We need more flexibility in the system because, while some children may be up to doing all that at 16, some certainly are not. Even for those able to do it at 16, everything can go pear-shaped a couple of years later and they find that they cannot cope. That is why we need support mechanisms so that children can leave the care system, but dip back into it if they need to do so.

It is absurd that many care leavers are declared intentionally homeless and have to fall back on the local authority to give them emergency housing. That is crazy, and I am pleased that the report mentions this vicious circle that affects too many of our most vulnerable young people. Housing is one of the biggest practical problems that they face.

The recommendations in the report include a request to the Government

"to guarantee future funding for social workers posts in Youth Offending Institutions."

Earlier this year I visited the YOI at Brinsford and met the social worker of the year, Jacqui Knight, who is doing fantastic work there. She sent me a letter earlier this week from the Association of Directors of Children's Services, which warns that the funding for the scheme that has been working for some time to secure the long-term sustainability of social worker posts in YOIs is now seriously under threat. For that reason, some of the posts may be lost and the future of people such as Jacqui Knight is seriously in doubt. That would be an enormous loss in dealing with some of the most challenging young people who have left care and ended up in the youth justice system. I hope that the Government will look at the issue again, because those social workers are doing some fine work.

I could also mention the whole problem of unaccompanied asylum seekers, of which I have particular experience in West Sussex, where we have Gatwick airport. Many children come into the care system as a result, only to be abducted by pimps from west Africa and to end up in the sex trade in northern Italy.

This is an important report on a really important subject. It deserves much greater exposure than it has had over too many years. It is a tragedy that it has taken a high profile tragedy such as baby Peter to get this sort of work noticed.

The outcomes for children in care in this country are a scandal that we have accepted over too many years. We must redouble our efforts to ensure that we do not fail so many children in the care system who have already been failed by their families. They have the right to expect the state to give them a second chance at a stable upbringing so that they can become the decent members of society that we all want them to become. We have a duty of care to ensure that that can happen.

4.5 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Ms Diana R. Johnson): I thank my hon. Friend the Member for Huddersfield (Mr. Sheerman) and all the other members of the Select Committee on Children, Schools and Families for compiling this report, which, as my hon. Friend said in his opening remarks, concerns the most vulnerable children in our society. I also want to thank members of the Select Committee for their interventions and speeches throughout this afternoon. I found the speeches of my hon. Friend the Member for Bury, North (Mr. Chaytor) and the hon. Member for Mid-Dorset and North Poole (Annette Brooke) particularly useful and helpful. Some very interesting points were raised in both.

We have had a wide-ranging debate, moving from issues such as council house building targets to the presidency of the EU. If I do not answer all the points that have been raised, I hope that hon. Members will forgive me. I shall try to write to them on any outstanding points.

The report is a good one and it provides a thorough analysis of the care system. I am delighted that it recognises the commitment and investment that the Government have made since 1997 to help children in care. I think that we all agree that those children deserve exactly the same opportunities in life as their peers, whether that means a good education, good health care or simply the consistent support, advice and practical help that provides the foundations on which young people build their lives. The Government have set about strengthening those foundations through critical reforms such as Every Child Matters, "Aiming High" and "Care Matters".

We recognise that there is always more to do and more support that we can provide to young people. Local authorities will have to open up new opportunities for children and ensure that the highest quality support is available to children in care everywhere, not just here and there. Councils need to stop thinking in terms of what is good enough for children in care. They should think instead about their role as corporate parents in helping the children in their care to shine.

When I read the Select Committee report, I was very struck by the phrase "pushy parents". That is absolutely right. In these circumstances, we want corporate parents to be really pushy parents. That means making the appropriate financial investment and ensuring that the right services are in place, but it also means having very high expectations—the same expectations as any good parent.

As corporate parents, councils need to ensure that their children and young people have the same access as others to educational and other opportunities. For example, if a child is musical they should be encouraged to learn an instrument and given the necessary funding, or if a boy has a sporting talent he should be provided with a sporting programme tailored to his needs. If a child needs one-to-one support tuition, councils should use the £500 personal education allowance that we have made available to pay for it. I recall that my hon. Friend the Member for Bury, North, who is not in his seat at the moment, talked about that point and had concerns about whether the money would get to where it is needed.

This comes down to the fact that corporate parenting is just that—parenting. It is very important for the welfare of the child in care that councillors do not lose sight of that fact. My hon. Friend the Member for Bury, North also mentioned the need to celebrate the success of young people in care and how opportunities to do that should be embraced to make young people feel as they would in a family situation. If they pass exams, there should be a celebration of that.

The Government recognise, of course, that we have responsibilities to make the changes happen. We must help improve children's services by providing the right legislation and structural frameworks, by setting clear objectives and standards and by monitoring and inspecting services and outcomes. As my hon. Friend the Member for Huddersfield knows, last year we passed the Children and Young Persons Act 2008, which we believe will put the right legislative framework in place. Through our "Care Matters" programme, we now have a comprehensive programme of reform in place to provide clear objectives and standards.

However, we will continue to do everything we can to transform the quality of care, and to raise aspirations for care leavers. That means taking action from the moment that children are placed in the hands of a local authority, which is why we want a shift in the quality of care provided by local authorities for looked-after children. We want to make sure that young people receive good parenting from every person involved in their lives. We want children in care to be consulted about their needs and views, and we want the educational performance of looked-after children to be improved so that the overwhelming majority attend school regularly and achieve good examination results.

We also want to make sure that young people leaving care can participate socially and economically as citizens, while living in suitable accommodation and being in employment, education or training. I accept that those are very tough objectives, but we are confident that they are achievable. Indeed, we have already started to see the results of the investment that has been made. There has been a steady increase in the educational attainment of children in care, and the greater support given to care leavers has led to more children living in suitable accommodation. In addition, young people in care are experiencing fewer placement moves.

Now is the moment to build on that success, and I hope that the report can act as a catalyst. I particularly want to talk about the voice of the child, because that has to be at the heart of policy development in this area. Listening to children in care is critical to ensuring that the care system can replicate the secure care of good parents for every looked-after child. My hon. Friend the Member for Huddersfield stressed the need for the listening skills that were employed when the report was compiled. It is absolutely right that we must continue to listen to looked-after children so that we can hear what their experience has been like and what they would like to be changed.

That means that decisions should always be made in the best interests of the child, based on a thorough assessment of their needs. We must take the child's wishes and feelings fully into account, just as any parent would. We expect all local authorities to establish children in care councils and to put in place pledges to give children and young people a real opportunity to influence services and support in their area.

We have asked the charity A National Voice, which represents children in care, to contribute to this autumn's ministerial stock-take on the progress of children in care councils. I know that the hon. Member for Mid-Dorset and North Poole is particularly interested in that. In addition, local authorities and their children's trust partners are expected to consult young people in developing their children and young persons plan. For individual children in care, the current framework of legislation and statutory guidance already requires the local authority to involve children and record their views.

Good children's services should be developed with young people, not foisted on them. We know that children in care want to be listened to on the day-to-day issues that affect their lives, such as pocket money, bedtimes, sleepovers or clothes. As parents, of course we listen to the views of our own children on these issues, even if we do not always agree with them. As corporate parents, we should do exactly the same thing for children in care.

I agree that care planning has not always taken proper account of the child's wishes and feelings, but the role of the independent reviewing officer is being strengthened to ensure that children participate in planning for their own care, and that the care plan is based on a thorough assessment of all aspects of the individual child's needs. The Children and Young Persons Act 2008 will enhance that framework, and reinforce the responsibility of the child's social worker for establishing and recording the child's views.

A lot has been said this afternoon about the relationship between the work force and children. My hon. Friend the Member for Huddersfield mentioned the vital

[Ms Diana R. Johnson]

importance of social workers or residential or foster carers having a strong bond with children and their families. I absolutely agree with him on that point, and on the report's conviction that the care system should be seen as part of a continuum of effective family support services, rather than as something separate and distinct. We know that where there are strong attachments between children and at least one adult, children are happier and achieve better outcomes. The Government are absolutely committed to improving the skills and competencies of foster and residential carers. We want to support them in building strong relationships with the children and young people whom they look after, and help them to take good decisions about their care.

As my hon. Friend knows, the "Care Matters" implementation plan sets out a programme of work to achieve those aims. That includes much better training and support for foster carers, with the roll-out of the fostering changes programme and the piloting of the social pedagogy model in residential children's homes that comes from Denmark. We have heard a lot this afternoon about the experiences in Denmark and other European countries. There is a pilot in England, and careful attention will be paid to its outcomes.

Supporting relationships with family members is crucial. Most children are in care only for short periods, and a primary aim must be to try to settle them back with their parents, wherever possible and appropriate. Even when children are likely to remain in care for the long term, most children will want to maintain their links with their family.

Let me deal with foster carers. "Care Matters" highlights the need to support foster carers to develop their own training and skills, thus allowing them to respond more appropriately to children in their care. But I agree with the Select Committee report that foster carers should also be given practical support, including financial support and information about how to access education and health services. That is why, as my hon. Friend knows, we have funded a number of initiatives in recent years to improve the support for foster carers, such as working with the Children's Workforce Development Council to develop foster care training, support and development standards; funding the national roll-out of the fostering changes programme; introducing a national minimum allowance for foster carers in 2007; and, of course, funding Fosterline—a national, independent advice line for foster carers.

A number of Members have commented on residential care. I am in complete agreement that such care has an important role to play as a placement option. For many young people, particularly the older ones, it will be the right placement choice. However, many local authorities and social workers still do not see it as a positive option; they see it as an option of last resort. That is why the Government are committed to ensuring that residential care is seen as a positive option for those young people who would benefit from it.

Children's homes cater for some of the most vulnerable children in our society, and it is important to note that the quality of that provision has been improving. As my hon. Friend will know, 92 per cent. of children's homes have been rated satisfactory or better by Ofsted and two thirds were rated as good or outstanding at their most recent inspections. But there is no room for complacency, and we need to continue to do everything that we can to raise standards in children's homes. That is why we are now funding the National Centre for Excellence in Residential Child Care, introducing tough new enforcement powers for children's homes that fail to comply with the national minimum standards, revising the national minimum standards for children's homes, and working with the Children's Workforce Development Council to look at developing training and development standards for staff in children's homes.

Social work reform is a very important issue, which my hon. Friend raised in his contribution at the beginning of the debate. The Select Committee is carrying out an inquiry into that critical area, in which the Government have made significant strides. As hon. Members will be aware, the Secretaries of State for Children, Schools and Families and for Health established a joint Social Work Taskforce at the end of last year to make recommendations, and it has already consulted widely with social workers and other key partners. The work of the taskforce will build on Lord Laming's report, and it is important to acknowledge that much good work is already under way to improve social care services for children and young people locally and nationally.

Alongside new funding, the Secretary of State has also announced a number of new measures that are intended to have an immediate impact. That includes addressing recruitment issues through the return to social work scheme, the graduate recruitment scheme and the roll-out of the newly qualified social worker programme. The very nature of social work means that it will always be a challenging job. Too often, our social workers do not get the recognition that they so thoroughly deserve. We must therefore ensure that they are properly supported to carry out their hugely important work, while also being properly valued and respected.

On the education of looked-after children, the report rightly raises the issue of the gap in educational attainment between children in care and their peers. We know only too well that every poor GCSE result chips away at a young person's aspirations and prospects. However, progress is being made; in 2008, 14 per cent. of looked-after children achieved five GCSEs at grades A* to C. That is double the figure in 2000, but it has to be better. Of course, huge progress has been made by the young people as a whole, which is to be applauded and welcomed, but we must get things right for looked-after young people in particular.

As my hon. Friend the Member for Huddersfield will know, key stage 2 attainment has been improving steadily. Undoubtedly there is more to do. My hon. Friend the Member for Bury, North spoke about the fact that looked-after children are given top priority in admissions arrangements. That goes for all schools; there was some debate about academies. There is a £500 personal education allowance. We are already piloting the role of the virtual school head, which the hon. Member for Yeovil (Mr. Laws) mentioned, and there will be designated teachers for looked-after children in every school from the start of the new school year. It is worth recognising that opportunities for boarding are available, where they are suitable for the needs of a child.

We have talked about health. We have been working hard to improve the health of children in care, and in recent years there has been an increase in the proportion

of children who have had their annual health assessment and visit to a dentist. By 2008, some 87 per cent. of looked-after children had received a dental check and a health assessment in the previous year. The 2007 child health mapping survey found that 76 per cent. of primary care trusts had a designated doctor for looked-after children in post, and 93 per cent. reported having a designated nurse in post for looked-after children.

I agree on the need to improve the support that child and adolescent mental health services provide to children in care, particularly given the very worrying statistic that around 45 per cent. of looked-after children aged five to 17 have a mental health problem of some kind. That issue is being explored as part of the consultation on the revised statutory guidance on the health and well-being of looked-after children.

On the outcomes for care leavers, there are some encouraging signs that things are getting better. For instance, the proportion of care leavers in suitable accommodation rose from 79.6 per cent. in 2004 to 88.4 per cent. last year. The proportion of care leavers in education, employment and training has risen from 55.4 per cent. to 64.9 per cent. However, I agree that we need to do much better and go a lot further more quickly. That is why we want to change the way in which we think about that period in a young person's life. It should no longer be seen as leaving care; it should be seen as a transition to adulthood.

We cannot and should not arbitrarily assume that young people are ready to move on simply because they have reached a certain age; a number of hon. Members have made that point. Instead, we need a presumption that children will continue to be looked after up to the age of 18. There will only very rarely, I think, be good reasons for a local authority to cease looking after a child before he or she turns 18. Local authorities will be prevented from moving a looked-after child from a fostering or children's home to what they call "other arrangements" unless they decide to do so following a statutory review of the child's case.

My hon. Friend the Member for Huddersfield knows that through "Care Matters", we will pilot a scheme whereby care leavers stay with former foster carers at 18. He will also know that a care leaver can access health and care services up to the age of 21, and that they will have personal advisers available up to the age of 25 if they need help with further learning or training. As I think Members in all parts of the House recognise, having a job is, for any young person, the first step to improving social mobility. For too long, too many young people have fallen into the trap of poverty and joblessness after leaving care because there was no one to give them the help that they needed.

Our new employment programme for care leavers will provide that helping hand and give such young people the opportunity to realise their true potential. There will be career mentoring and work experience to support them into stable and rewarding work, and access to an appropriate range of accommodation options, which is vital to improving a young person's successful transition to adulthood. We would not accept our own children leaving home to live in unsuitable accommodation, and we certainly should not accept looked-after children living in unsuitable accommodation.

In conclusion, I hope that I have shown that the "Care Matters" programme is about the Government, local authorities and voluntary organisations building a new partnership and investing to reverse past failings. Our most fundamental aim is to ensure that vulnerable children in this country get the best that society can offer—the care, safety and security that each and every child deserves. We need services that act no longer just as a safety net against failure, but as a springboard for success.

Mr. Sheerman: Mr. Speaker, we have had more than our fair share of time. We have had a great, well-informed debate—a debate that shows the role that Select Committees can play in informing the House and in holding the Government to account, and I thank the House for the time.

Mr. Speaker: I am grateful to the hon. Gentleman for that.

Question deferred (Standing Order No. 54(4)).

DEPARTMENT FOR TRANSPORT

Road Safety

[Relevant Documents: The Eleventh Report from the Transport Committee, HC 460, Session 2007-08, on Ending the scandal of complacency: road safety beyond 2010, and the Government responses, HC 136 and HC 422, Session 2008-09.]

Motion made, and Question proposed,

That, for the year ending with 31 March 2010, for expenditure by the Department for Transport—

(1) further resources, not exceeding £8,812,695,000 be authorised for use as set out in HC 514,

(2) a further sum, not exceeding £7,734,837,000 be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.—*(Mrs. Hodgson.)*

4.25 pm

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I am pleased to have the opportunity today to debate the important topic of road safety. This debate is taking place on estimates day, and it is very important indeed that essential spending on road safety measures be maintained.

Road safety is about the lives of individuals and their families, but it is even more than that: it is a major issue that affects all our society. The Transport Committee's report "Ending the Scandal of Complacency: Road Safety Beyond 2010" sees road safety as a public health issue, looks at a way forward and how the situation can be improved and makes important recommendations to the Government.

The road safety debate is ongoing. The Government produced an interim response followed by a fuller response, and that was linked to the Government's road safety strategy consultation called "A Safer Way: Consultation on Making Britain's Roads the Safest in the World". The Committee's report commends the Government on reaching their targets on road safety, and the most recent figures record, for 2008, the lowest number of road casualties yet. However, if we look at the cold facts, we find that 2,538 people still died on our roads in 2008; that 26,029 were recorded as having been seriously injured; and that there were total casualties of 230,884. That means thousands of blighted lives, and it is worth noting that road accidents are the largest single cause of death in people aged between five and 35 years old. They are tragedies for the individuals and their families, but it is a national scandal that so many people die.

It is self-evident—indeed, it should make us think a little—that the scale of the carnage on our roads is not acceptable in any other mode of transport. We are talking about 2,500 people dead and more than 230,000 casualties, and, if those figures related to rail, sea or aviation, there would be national uproar. However, there is no uproar about them.

Mr. Eric Martlew (Carlisle) (Lab): I remind my hon. Friend that last year or perhaps the year before, there was a rail crash in Cumbria at Grayrigg, and unfortunately an elderly lady was killed. There were then cries from many people for a public inquiry, but I suspect that on the motorway running parallel to the west coast main line, up to 10 people are killed every year, and nobody calls for a public inquiry.

Mrs. Ellman: I thank my hon. Friend for that intervention and agree with his sentiments. I hope that the Transport Committee's report will help focus public attention on what is indeed a national scandal.

I should like to highlight some of the key issues in our report and the Government's response. The report links road safety with wider policies to do with improving the environment and health. It also focuses on a stark fact that has little recognition: the close link between death on the roads and deprivation. Every death or injury on the roads is a great blow for anybody, whatever their background. However, child pedestrians from the lowest socio-economic group are 21 times more likely to be killed in traffic accidents than those in the higher groups. That chilling fact is not known widely enough and does not arouse as much consternation and uproar as it should.

The report also looks at road safety as part of a system. It does not prescribe one single measure for dealing with the issue; it considers the design of roads and vehicles, enforcement, training and attitudes. It is pleasing to note that the Government are also starting to adopt that systems approach, in which it is recognised that there are many aspects to consider in addressing the critical issue of road safety and that a lot of different Departments need to be involved.

The Committee was extremely concerned about the lack of reliability in the data on road injuries, particularly those in relation to serious injuries. Deaths on the roads declined by 18 per cent. during the period that we were considering; serious injuries declined by twice as much. We questioned the accuracy of the recording of serious injuries on the road, and specifically that of the STATS19 system. We were disappointed that although the Government's response acknowledged that there might be a problem, they did not propose any steps that we thought would deal with it. I am thinking particularly of the discrepancies between some of the reporting of serious accidents and data received by hospitals. We want the Government to do more on that issue, as we are not satisfied that the information that we are getting is accurate.

The Committee was particularly concerned about the increase in deaths among certain groups of people. Although the overall number of casualties is coming down, there are areas of great concern; there has been, for example, an increase in deaths among motorcyclists and there is the situation in rural areas. The Committee focused on an aspect that it has considered before: that of novice drivers—young, male novice drivers in particular. Some 27 per cent. of 17 to 19-year-old male drivers have accidents during their first year of driving. One in every eight licence holders is under 25, yet one in three who die in collisions on the roads is in that age bracket.

Norman Baker (Lewes) (LD): I have seen some of those figures myself. Does the hon. Lady believe that they are a reflection of the age of the drivers involved, and that there is therefore a case for raising the age at which a full licence can be obtained? Alternatively, does she think it inevitable that there will be such figures for males who are in their first year of holding a licence? In other words, would the 17-to-19 problem that she identified be the same if the driving age were raised to 18?

Mrs. Ellman: Owing to the way in which statistics are collected, we were focusing on novice young drivers; there are no comparable data on novice older drivers. However, it appears that the tragic facts that I am reporting relate to young people. The Committee feels that the issue is indeed related to age; it could be to do with attitude and experience of driving. Another chilling statistic is that one in two of those who die in accidents at night are under 25. Our recommendations on how to address this issue are wide-ranging.

The Government acknowledged the severity of this problem, but we were disappointed that they did not feel able to accept some of our recommendations. We thought there should be tougher drinking and driving rules, particularly in relation to young drivers, although that is an issue for all drivers. We also advocated graduated licensing and a wider experience of driving before a test could be passed.

Norman Baker: I am genuinely interested in what the Committee has concluded given the evidence that the hon. Lady has collated from witnesses. Perhaps I can put my question in this way: does she believe that the problem of deaths involving novice drivers would be lessened if the age at which a full licence could be obtained were 18 rather than 17?

Mrs. Ellman: I thank the hon. Gentleman for his comments. The key aspect is having sufficient experience of different types of driving before a licence can be obtained. Looking again at attitudes, people sometimes associate driving with bravado. In taking a decision about raising the age at which a licence can be granted, we would have to consider other aspects to do with young people's mobility: their need to be able to move around for work and leisure purposes. I acknowledge that a balance is needed, but saving life has to be an integral part of this.

Mr. Martlew: Was not one of our other concerns that if we raised the age to 18, young people would drive without a licence—they would not bother going through the training system but simply get frustrated with not being able to drive, which could itself create some problems?

Mrs. Ellman: I thank my hon. Friend for his observation. Yes, indeed, that was one of the reasons the Committee did not make a recommendation in relation to age, although we did so in relation to experience required to pass the test. We also found a close relationship between uninsured, unlicensed driving and accidents, which was another matter of great concern.

I wish to refer to a few of our recommendations. We thought it very important to make it easier for local authorities to have 20 mph zones in areas where they thought that appropriate. We are pleased that the Government seem to support that and hope that that will be followed up with guidance and help with the financial aspects of designating those zones. We wanted to have a separate target for reducing deaths rather than deaths aligned with serious injury, and that too has been accepted.

We wanted a road accident investigation board to be set up, in the same way as there are such boards for other modes of transport—rail, aviation and in the maritime sector. As I said earlier, the scale of carnage on our roads would not be tolerated or accepted on any other mode of transport. There should be a road accident investigation board to emphasise that point and to try to improve the situation. We also thought that there should be an independent road safety commission that would continually assess what was happening and make recommendations.

We wanted to establish a British road safety survey to produce more accurate statistics and perhaps to measure changes in attitude to different aspects of driving. Although the Government agreed that more questions could be incorporated into existing surveys such as the national travel survey, they did not accept our recommendation. They accepted that there should be a commission of experts to look at driving, but it was not entirely clear how it would be designated or what remit it would have; that seemed to fall rather short of our proposal for an independent road safety commission. We emphasised that there should be strong cross-departmental working, involving the Department for Transport, fire and rescue services, the Home Office and education and health services. That approach is extremely important.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Does the hon. Lady agree that one problem may be that when the police arrive at the scene of an accident, they are more interested in finding somebody to prosecute than necessarily determining the cause of the accident?

Mrs. Ellman: There are certainly difficulties with assessing the causes of accidents, and perhaps decisions are taken very quickly when a rather longer period of assessment is required.

It is pleasing that the Government have reiterated their wish to become a world leader in road safety again. I was pleased to participate recently in the launch here in the House of a report on global road safety aimed at saving 5 million lives and preventing 50 million serious injuries worldwide. It was encouraging for the people promoting the report to have both Lewis Hamilton and Rory Bremner on the platform.

The Government have taken steps to improve road safety in the UK, and they have to be commended for their achievements. At the same time, we have to accept that it is never right, acceptable or tolerable for there to be more than 2,500 people dying on our roads every year and more than 230,000 injured. That is carnage, and it is why we called our report "Ending the Scandal of Complacency".

4.41 pm

Mr. Eric Martlew (Carlisle) (Lab): If I wanted to be glib, I would say that it is slightly ironic that we are talking about ending the scandal of complacency to an almost empty Chamber. The reality is that since the day we were born, we have got used to the idea that people get killed in road accidents. Also, we accept that things are getting better. I believe that in 1958, 6,000 people were killed on the roads, with a fraction of the traffic that we have today. At the end of last month it was announced that about 2,500 people had died on the roads in the previous year, so there has been a massive reduction.

People are complacent, and they believe—this is not a party political matter—that the Government are doing a good job and that accident and death figures are going in the right direction. I suspect that if we were

[Mr. Eric Martlew]

having a debate about knife crime, there would be many more Members in the Chamber, even though the number of people killed by knife crime is fraction of the number killed on the roads.

There are some disturbing points in the report, however, and one that I want to touch on is the deaths of motorcyclists. I know that the number went down slightly in 2008, but there was a large increase before that. I suspect that the Transport Committee and the Government do not really know what is happening; we know that there is a problem, but we do not know what the solution is.

Over the years, I think that two people have come to see me about deaths of motorcyclists. Both mentioned cases that were not the fault of the motorcyclist but that of a motorist or somebody driving a farm vehicle. The Government should aim their measures at drivers of other vehicles—people such as myself—who somehow do not seem to notice motorcyclists. I suspect that another problem is the middle-aged man who used to drive a bike when he was 21, who comes down from Alston moor on a beautiful day such as today and perhaps does not have the experience that he used to have when he was riding every day as a necessity rather than just at the weekend. We need to consider carefully how we can reduce deaths among motorcyclists, because motorcycling is an environmentally friendly way to travel and we should encourage people to do it. When statistics show that a person is 40 times more likely to be killed on a motorcycle than in a car, it is off-putting.

The number of child deaths has fallen tremendously over the past 10 years, but every single death of a child is a tragedy, and I believe that the number increased slightly in the past year, from 121 to 124. We should be looking into how we can reduce that. Indeed, I know that the Government have a target to reduce child deaths by 50 per cent.; I will return to Government targets later.

However, one thing that worries me is that although we are achieving a reduction in the number of children killed, we are also preventing youngsters from going out. One of the reasons for the fall in deaths is not that the traffic has got better; it is that parents do not like children to go out. In a way, the motor vehicle is turning youngsters into captives. We also need to compare the statistics for children from deprived backgrounds with those for children from affluent backgrounds. The number of children from deprived backgrounds who are killed is considerably out of proportion to the number from affluent backgrounds killed. We have to find out how we can make the streets safe—but not by keeping our children indoors. The 20 mph speed limit is an excellent example. Indeed, some whole towns have a 20 mph limit. We should consider that idea.

There has been talk of international comparisons. I do not think that it matters whether we are top of the league or third or fourth, but we must continue to improve. We will be very near the top for 2008. Some countries, such as France and Spain, have improved greatly, but their numbers of deaths were much higher than ours. We have lessons to learn from the Netherlands and other areas. One part of the United Kingdom whose record bothers me is Northern Ireland, where people are three times more likely to die in a road accident than people on the mainland, and twice as likely to die in a road accident as people in the Republic. Perhaps the many years of the troubles made people in Northern Ireland concentrate on other priorities, but perhaps the new devolved Administration will try to find ways of putting that right.

Another issue that concerns me is deaths on rural roads. Mine is a mostly urban constituency, although it is surrounded by a rural area and parts of it are rural. All too often, my constituents or people from a neighbouring constituency have been killed on the roads outside the city, and we can all see why. We have single carriageways. People go on those roads, get frustrated—perhaps by a farm vehicle, a learner driver or an elderly driver—and there is dangerous overtaking. Most of the time people get away with it, but if they do not, they end up in a head-on collision. That is how most fatalities happen.

There is also a problem with the speed limit. Local authorities have some leeway on that, and the Government are encouraging them to do more. I am schizophrenic about the issue, in the sense that I like to be able to go quite fast—up to 60 mph—but if we reduce the limit to 50 mph, we will reduce deaths considerably, so our freedom in that respect should be curtailed. However, one of my concerns about the Government's proposals is that if we create more and more 50 mph zones, we will have to put up more and more signs. Do we really want to clutter up the roads in the countryside—especially the Cumbrian countryside—with a sign every 100 yards saying that the speed limit is 50 mph? The Government should consider that.

I am pleased that the Government have taken on board a lot of our work in their draft consultation report. People say, "Select Committees don't count," but that is nonsense, because the Government have been able to pick our brains. The hon. Member for Scarborough and Whitby (Mr. Goodwill) was a member of our Committee, and a valued one too. I accept that the Government have other responsibilities and that we are only there to make suggestions, but a lot of work has been done.

I am disappointed, however, by the Government's response to the problem of novice drivers. My hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) has covered most of the points on that subject. I am worried about novice drivers going out late at night in their small Peugeots or Fords. There are often two lads and two girls in the car, and they fly around at 11 o'clock at night without having had any experience of driving in the dark. I am not suggesting that they have had too much to drink. The car comes off the road, hits a tree and young lives are destroyed. Some of the young people might not die but they will be badly injured. The Government copped out over the question of a curfew. I know that that would be difficult to enforce, but I believe that the parents would have enforced it. They would have said, "You know that this is your first year of driving. You have to be back by 11 o'clock." I hope that the Government will look at that matter again.

I shall make my final point now. We had plenty of time for these debates, but the first one ran for quite a while. The Government have set a target of achieving a 50 per cent. reduction in child road deaths by 2020, and a 33 per cent. target for reducing adult deaths. That is

welcome, but the Minister will be aware that we are starting from a level of 3,000 deaths a year, which means that our target is 2,000 by 2020. That is quite an easy target to reach. I think that 2,500 people died in the past year, so we are halfway towards achieving it already. We could easily get the figure down to 2,000 by 2010 if the advances of the past two years are repeated in the next two.

We do not really know why the reduction is taking place. It probably has something to do with the fact that new cars have better safety features, including air bags. It might also have something to do with Ministers in the OPEC countries putting up the price of fuel, which results in people reducing their speed. If we are to reduce the number of people being killed—and the number of lives devastated as a result—we have to reduce our speed. I know that some people do not like that idea, although as I get older I do not mind it so much. I would probably have objected to it more when I was 30 years younger.

The Government have done a good job, although they have missed some of the opportunities suggested in our report. I hope that they will look again at the proposal for a curfew, and I believe that their targets will be too easily achieved and should be revised downwards. Perhaps it is a bit daft to say that we are aiming for a target of only 2,000 people being killed, but targets work—and really, we should be aiming for a figure of 1,500, or even 1,000, by 2020. That would be better for everyone.

4.53 pm

Bob Russell (Colchester) (LD): It is a pleasure to follow the hon. Member for Carlisle (Mr. Martlew), who has clearly given a lot of thought to these matters. I congratulate the Select Committee and the hon. Member for Liverpool, Riverside (Mrs. Ellman) on the presentation of their report. I declare an interest, in that I am chairman of the all-party parliamentary group on road safety, and of the associate parliamentary group for justice for road traffic victims, with which the charity RoadPeace is connected. I first became interested in road safety issues a good 40 years ago when, as a young reporter on the local newspaper, the *Essex County Standard*, I had the unfortunate duty of reporting on road crashes and attending inquests.

My understanding is that the number of road deaths last year—2,500—was the lowest since records began, and that it was on a par with the figure for 1926, when there was considerably less traffic on the roads. I also understand that we reached a peak of about 8,000 road deaths in 1966. That is an horrendous statistic, bearing in mind the number of cars that were on the road then, compared with today. Much credit must be given to the successive Governments and road safety Ministers who have achieved this progress, but there is more to be done. My view is that there should be no target other than a zero target, because one road death is one too many. I do not find much cause for rejoicing in saying, "Only 120 children got killed last year, whereas it was 130 the previous year." We need to drive down—literally drive down—the number of road deaths.

I pay special tribute to the new road safety Minister, who yesterday graciously spent nearly an hour with me and two constituents, Mr. and Mrs. Bell, whose only child Jordan, aged 14, was killed in a road crash in my constituency by someone driving at more than 30 mph in a 30 limit; his alcohol content was marginally below the legal maximum of 80 mg per 100 ml. The petition that my constituents presented is intended to get that limit down to 50 mg, which I believe is not an unreasonable target. Even that would be higher than it is in Sweden, which shares with Britain the best record in the world for reducing road deaths. If we must have targets, these are targets that we can be proud of, as we have done more than any country in the world apart from Sweden to reduce road deaths, and Sweden has a much lower drink-drive limit than us. If we could get it down to 50 mg, we could all be proud of it, and my constituents Mr. and Mrs. Bell would certainly feel that some good had come of their tragedy.

There are other important issues. We need to invest in road safety in order to prevent road deaths and serious injuries, which—never mind the human tragedy—are a considerable cost to the economy. I have visited hospitals and seen people who have been involved in road crashes on life-support machines, so I know about the trauma and tragedy that goes with that. We need to persuade the Treasury that having traffic-calming measures outside schools and carrying out road safety measures will actually save the public purse in the long run.

I drew to the attention of the road safety Minister only yesterday—I do so again to the House this afternoon—that on a side road by a school in Westminster there is a school safety sign the like of which I have not seen anywhere else in the country. The school sign is painted on the highway itself, so a motorist who cannot see a sign on a post will be able to see it on the road surface—unless we have snow, of course, which is unlikely at this time of year. For most of the year, that road sign is there in paint on the highway. A few weeks ago, when I was in glorious Derbyshire, I found another type of school safety sign in Chesterfield that I would like the Department for Transport to introduce elsewhere. It flashes at school arrival and departure times, not only to indicate the school but to introduce a 20 mph speed limit during those periods. Those two measures alone would be very useful, especially if we could join them together.

I am one of only a few people who are fans of speed cameras. I remember discussing speed cameras in connection with an earlier transport Bill. The right hon. Member for Norwich, South (Mr. Clarke), then a Home Office Minister, was the nice guy and the other Minister, Mr. Paul Boateng, was the not-so-nice guy. The right hon. Member for Norwich, South assured me that speed cameras were a road safety device, not a revenue generator—and I hope that remains the case. Since then, other cameras have been introduced that flash up the relevant speed limit—30 mph, 40 mph or whatever. I suggest that what we need is a hybrid camera—one that states whatever the speed limit is, but also imposes a fine if a driver exceeds that limit. The technology is there; it is just a question of putting the two cameras on the same pole.

The hon. Member for Carlisle drew attention to the need for better design of our country roads. I should like the Minister to discuss with his colleagues the A140 north of Ipswich, which extends through Suffolk into Norfolk and up to Norwich—a place that I may visit more frequently in the next few weeks, but which I already visit on a regular basis.

[Bob Russell]

The A140 features regularly on regional television. We frequently learn that there has been another crash, that the road is closed, that people have been killed. The road itself is not unsafe. We know that crashes are caused by drivers, not by roads. However, if roads were better engineered, and if the various hazards were engineered out, there would be fewer road crashes—Members will note that I never use the word "accident"—fewer injuries on the roads, and fewer fatalities. Obviously the A140 is not the only road to which that applies; it applies to roads all over the country. I have cited it because it is the main road link between Ipswich and Norwich, and the road that my constituents in north Essex use to travel to Norfolk.

Let me say something about traffic calming and reducing speed limits. Until I had a taster session with the Colchester branch of the Institute of Advanced Motorists I was the world's best driver, but I quickly realised that there was a lot to learn. I took the full course, and finally passed the IAM test. I learnt two things: that, as the hon. Member for Carlisle suggested, the speed limit should be dropped by 10 mph; and that a driver should keep space between his car and the vehicle in front of it. Those two simple measures alone would result in a huge reduction in the number of road crashes, deaths and injuries.

There is a pressing case in our urban areas for 20 mph zones—not just on new estates, where that is often already the case, but in established areas. I am pleased to say that many years ago, when I was a local councillor, my badgering led to the introduction of the first 20 mph speed limit in Essex, in a Victorian-Edwardian high-density residential area. Twenty miles per hour is more than fast enough in most of our residential suburbs. We need more of those speed limits, and I urge the Government to press on. We have a proud record in forcing down the number of road deaths, but more can be achieved. I believe that with all-party support it can be achieved, but the Treasury must realise that, although investment costs money, saving lives saves the public purse a lot of money as well.

5.2 pm

Norman Baker (Lewes) (LD): We are debating an important subject, and although this is the fag end of a Thursday afternoon, it is disappointing that only 10 Members are present—including the umpire and two linesmen, if I may use a Wimbledon analogy this week. However, that has allowed the House to experience the undoubted pleasure of hearing two successive Liberal Democrat speakers.

I agree with what was said by both the Chairman of the Transport Committee, the hon. Member for Liverpool, Riverside (Mrs. Ellman), and the hon. Member for Carlisle (Mr. Martlew) about the way in which the press and other media portray accidents on the road, as opposed to the railways or, indeed, any other mode of transport. The hon. Member for Carlisle mentioned Grayrigg; he could have also referred to Hatfield. I gather that, notwithstanding the significant loss of life in that terrible railway accident, more people in the United Kingdom died on the roads that weekend.

It is also true that railway accidents such as those are thankfully very unusual. However, they skew public perceptions, and they also skew Government policy. The Government of the day are under tremendous pressure to "make the railways safer", but the railways are terribly safe. We end up spending unnecessary amounts on improving an already safe record on the railways and not improving safety on the roads, where, by and large, the deaths occur. It is a case of complacency, not so much on the part of the Government or even the House as on the part of our friends in the media, who tend to report the unusual rather than the everyday. Health is an example: they are all very interested in swine flu but not particularly interested in heart disease or cancer, which are the big killers in our society. There is a need for perspective to be brought into the reporting of these matters and into the Government policy that ensues.

Mr. David Drew (Stroud) (Lab/Co-op): I am grateful to the hon. Gentleman for giving way and I apologise for not being here for the start of the debate. As a cyclist, one of the things that really bugs me is the continuing use of mobile phones by a small number of recidivist motorists. The media should show these people up, because the lack of attention shown by someone driving who is on a mobile phone will cause accidents. Does he agree that it is shameful that the media will not take up that issue?

Norman Baker: I agree, and my colleagues have collected some figures on the continuing breaking of the law. I hope that, as with drink driving over the last 20 or 30 years, such activity will become socially unacceptable and the number of people engaging in it will gradually diminish. The reports of what some people do while driving astonish me, whether it is drying their hair or engaging in something far more interesting but definitely unsafe on the roads. We need to get people to take their driving more seriously. *[Interruption.]* I was being very diplomatic there, Madam Deputy Speaker. I hope you realise that; more details can be given subsequently if you need to know what I am referring to.

The Select Committee report is helpful in highlighting a number of key issues, and it is good news that the number of people killed on Britain's roads in 2007 was down; as my hon. Friend the Member for Colchester (Bob Russell) said, it fell below 3,000 for the first time since 1926. If one looks at the Government's road safety targets, from their 2000 paper "Tomorrow's roads: safer for everyone", one sees that, by and large, they are on track in terms of the reductions of deaths and serious accidents set out in that paper. To be fair to the Government, they have achieved a good deal in this area—credit where it is due. That is not to say that sufficient has been done. We all, including the Minister, want to see the figures reduced further.

The question is whether the figures are accurate, and the Chairman of the Select Committee referred to that in her opening comments. Recommendation 4 of the report referred to STATS19, and I note that the Government say in their reply that a review of that is being carried out now. It is important that we get the figures right, but there appears to be a lack of correlation between the official figures and what hospital data show, which suggests that the figures are not always accurate. We all know from our constituencies that what are called "minor accidents" nevertheless cause injury on many occasions but are not actually reported because people sort things out and deal with the insurance companies themselves, without the police being called.

The police are to some extent backing off road issues in a way that I do not always find entirely helpful. They backed off on parking; it has become decriminalised in many areas and, where it is not, the police are still backing off. To some extent the police are backing off on speed enforcement. They are relying on cameras at key locations to pick up those who are speeding. They assume that those cameras are covering the worst areas and many forces are not policing outside those areas. That is a worry.

Mr. Goodwill: Could another reason for that "backing off" be that we have had a 20 per cent. reduction in the number of traffic police over the last 10 years and that drink driving is no longer a key performance indicator for police forces?

Norman Baker: There is undoubtedly a case as to how the police are asked to prioritise their time. I do not want to go too far down that track, Madam Deputy Speaker, as this is not a police debate, but any element of the public sector—whether it is the police or local councils—will respond to the target-driven culture that we now have. If those targets are accurately and sensibly chosen, that can be productive. Sometimes targets that are chosen end up with peculiar and distorting results. Some police forces have sought to increase the number of crimes detected in order to get their figures looking better, although the crimes they detect are sometimes very minor. They are not spending their time looking at more serious crimes about which the public are more worried. There can be that distortion, therefore.

Drink-driving has been mentioned by several Members, and it is undoubtedly a serious issue. My gut feeling is that while it has became socially unacceptable over the past 30 or 40 years—we have come a long way from "one for the road," which is how things were back then—that good work is beginning to be unpicked a bit. The old ways are creeping back again, and people are beginning to think, "Well, we'll just chance it." That might be because either the consequences are diminishing or the horror adverts are not on television as much as they used to be, or perhaps because the fear of being caught, which is always a main driver—no pun intended—in deterring people, has lessened because they do not think they will be stopped by the police. However, the fact is that 16 per cent. of all road deaths involve a drink-driver; that is a 2007 figure. To pick up on a point made by the Committee Chairman, the hon. Member for Liverpool, Riverside, drivers aged between 17 and 19 are 10 times more likely to have a drink-drive crash than drivers of other ages. Just for clarity, let me say that earlier I was not necessarily advocating an increase in the driving age to 18; I was merely genuinely asking about the Committee's view on the matter, because there is a legitimate discussion to be had on it.

I believe there is a strong case for the drink-drive limit to be reduced from 80 mg of alcohol per 100 ml of blood to 50 mg. International comparisons reveal that our limit is shared by Ireland, Luxembourg and Malta, but the 0.5 mg per ml limit is much more common across Europe: it is the limit for Austria, Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Germany, Greece, Italy, Latvia, the Netherlands, Portugal, Slovenia and Spain. That is where the centre of gravity lies across the European Union—and some countries even have a lower limit than 0.5.

Mr. Martlew: I looked into this, too, and the hon. Gentleman is right, but does he realise that in a lot of the countries he mentioned there is no driving ban? Instead there is a fine, or perhaps a few points. Is it not better to have a higher level and a draconian punishment than to go the French way of reducing the level but only giving a fine?

Norman Baker: I do not advocate the view that people should face only a fine for what is a serious offence, but I think the 0.8 limit is too high, as some individuals can be within the limit yet their driving capacity is still impaired. I also do not think it is sensible policy that if someone is marginally above 0.8 they will face what the hon. Gentleman calls a draconian ban, whereas if they are just below that 0.8 limit they will not face any penalty whatever. That seems to me to be a rather extreme situation. I think there is a case for looking at this again, therefore, and I believe that 0.5 would be a sensible limit. That would allow someone who is going to drive to have one drink; after all, people who are driving should not have any more than that.

There is also an issue to do with drug-driving. As the Minister will know, a recent survey by Brake found that one in 10 young drivers has driven under the influence of drugs. The Government recently announced that they are creating a specification for a roadside drugs test, which is very welcome. However, as my hon. Friend the Member for Cheadle (Mark Hunter) said last month, it was stated in a parliamentary answer to a question he asked in February 2008 that

> "departmental advisers were continuing their work to produce such a specification and...hoped to reach a conclusion soon."—[*Official Report*, 4 June 2009; Vol. 493, c. 147WH.]

That was said well over a year ago now, so it would be very welcome if the Minister could give us an update on the matter.

There is also the problem of uninsured drivers, as Members have mentioned. Uninsured drivers kill four people on our roads every week and were responsible in 2006 for 36,000 crashes and 27,000 injuries. However, the average fine for uninsured driving has fallen by 13 per cent. since 1997, from £224 to £194. That is much too low. As politicians, we cannot interfere with the courts, but I suggest to the Minister that either the minimum fine should be increased or some guidance should be issued by the relevant Law Officers to draw attention to this matter, because the cost of buying insurance is now often more than the fine for driving without insurance, and that is a nonsensical situation.

My next point relates to speeding. I believe that there is a case for a default 20 mph limit in concentrated urban areas. I use the word "default" because there may be cases—for example, on a bus route or a trunk road going through an urban area—where it is sensible to have a limit of 30 mph. A default 20 mph limit, especially on side roads, is a sensible safety measure. When I was a young lad we were able to go out playing in the streets. There used to be something called "safe streets". That is what we used to have. I do not see children playing in the streets so much these days, and that is partly because they are not safe any more. We ought to do rather more to ensure that we make our residential areas safer for children. Whether they are playing or simply crossing

[Norman Baker]

the road, they are not as safe as they could be at the moment. I am sure that we would all agree that there is nothing more tragic than a child being injured in a road accident.

Mr. Martlew: I think that the hon. Gentleman might be looking at the past with rose-tinted glasses. As a child, I used to play out on the street but I was badly injured in a road accident. It was probably more dangerous then than it is now.

Norman Baker: I am sorry about that particular accident, but I do not think I am looking at this with rose-tinted spectacles; there were fewer vehicles then for one thing. Irrespective of whether the past was better, however, I hope that the hon. Gentleman will agree that we need to do better in residential areas and a 20 mph limit may be one way forward.

My next point relates to shared streets and other measures that we can take to make our urban areas safer. I am very interested in the debate on shared streets and I have seen some of the examples, in the Netherlands and elsewhere, where road signs have been taken away altogether. Having too many road signs does not simply clutter up the country; it also switches drivers off, because if there are too many signs they do not notice any of them. We need to be rather cleverer about the use of signs. Taking away all indications from drivers as to where they are makes them slow down, because they consider whether they are in a pedestrian area or an area for cars, and what will happen around the corner. They drive more slowly and more safely as a result. A shared street is being introduced in Lewes. By the way, it has a little lip to help blind and visually-impaired people, for whom there is a genuine concern. It is not fully open yet, but I think it will be very effective in reducing traffic speeds along a busy road in Lewes.

My final point is that we need to have cycle tracks that are safe. This country has a high level of cycle ownership, but quite a low level of cycle usage. People often tell us that they do not feel that it is safe to cycle. On the continent there are far more dedicated cycleways and even in this country there is much heavier use of bicycles where towns and cities have identified dedicated cycle routes. This is good not only for people's health, but for the environment, and it is also an important safety issue. It is not safe on our roads for cyclists when they are competing with lorries, as often happens on narrow roads. People want to be able to cycle safely and they are entitled to do so, and I think that the Government should generally be making more effort to promote cycling and make it safer in our urban areas.

5.17 pm

Mr. Robert Goodwill (Scarborough and Whitby) (Con): I congratulate the hon. Member for Liverpool, Riverside (Mrs. Ellman), the Chair of the Select Committee, on its report. As a former member of the Committee, I know what good work it does and I remember with great affection her predecessor, Gwyneth Dunwoody, who always treated its members kindly—that generosity of spirit was not always extended to those hapless witnesses who gave evidence before us.

I join everybody in the House in welcoming the very good figures on road casualties that came out last week; 408 people are alive in this country today who would not have been alive had it not been for the reduction. I hope that this country is clawing its way back to the top of the European safety record. I believe that only Holland remains ahead of us and I look forward to the years ahead, when we may well make further improvements. I think that tribute has been paid to a lot of different factors—among others, the actions of successive Governments and vehicle design. May I pay tribute to Britain's drivers, because these improvements are largely due to the sensible attitude of the majority of Britain's drivers?

I do not wish to rain on the Minister's parade, but there is one proviso in those figures. The whole of the European Union experienced, on average, a 15 per cent. reduction in casualties last year. That was caused by a number of factors, the first of which has been mentioned: the fact that there was a noticeable reduction in speed on our roads last year when the price of petrol and diesel reached the dizzy heights that it did. We also saw, for the first time since the 1970s, a reduction in traffic on our roads. Last year, there was a 0.8 per cent. reduction because of the recessionary pressures in the economy.

Although I have seen the figures on motorcycle casualties, which showed a slight increase, I wonder how much worse the figures would have been had we had a warm, decent summer. Many of those casualties are the born-again bikers—the people who passed their test on a Triumph Bonneville and now go out and buy a Ducati or a Fireblade and find that although the engine size is about the same the bike has tremendously more performance. Sadly, all too often on BBC Radio York on a Sunday afternoon I hear of yet another casualty on the rural roads of north Yorkshire. If we get more weather like this, I fear that we might well see more of that type of accident. Of course, although motorcycles make up only 1 per cent. of road traffic, they contribute to nearly a fifth of deaths on our roads.

There are a couple of areas where the Government could, perhaps, be doing a little better. In saying that, I would not want to detract from the real progress that has been made in a number of areas. My first area of concern, however, is the motorcycle driving test. As the Minister will know, when the new manoeuvres aspect of the test came in, Ministers or officials failed to notice that the swerve and stop test had to be carried out at 50 kph. As we know, that is 31 mph—more than the speed limit on urban roads, which meant that the Government had to institute a programme of setting up large multipurpose test centres around the country.

That has had two results. First, motorcyclists have to drive far greater distances to access a test. The nearest test centre to my constituency is Hull, which means more than an hour's journey. If it is winter and a young rider is on a moped or a small capacity motorcycle, it is rather a daunting journey. A number of people have been put off taking their test because of the larger distance involved. Secondly, and perhaps more worryingly, there have been a number of incidents, some of which have resulted in injury, during the controversial swerve and stop test, which must be carried out, as I mentioned, at 50 kph. In fact, in the first three weeks there were 14 incidents, I think, three of which resulted in injuries so serious that the person had to go to hospital.

Before today's debate, most of the reports of concerns about this matter have been largely hearsay. I have a couple of letters that I have received, however. One is from a constituent of my right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe). She says:

"I am a teacher...We are desperately saving for a mortgage and to start a family, but needed transport to get to work...I am too scared to take the test. I have already heard of 2 accidents in the first few days, including a broken arm due to the new manoeuvres that you are required to take. Riding instructors have been speaking out against it, but the current government's agencies have been ignoring expert advice."

I have another e-mail that I received only last week from a lady called Jean Galvin, who says:

"I am an older female motorcyclist who is returning to motorcycling after a number of years. I attempted to take the new module 1 test on 28th May and failed. I have no issue with the majority of the test and applaud the testing of slow manoeuvring and clutch control, but I was horrified at the swerve test.

I took this on a 125 which I had to violently accelerate around a curve in order to reach the speed of 50 kph. I was required to do this despite approaching a hazard. On my first attempt, I reached a speed of 49 kph and felt sure that if I had attempted to swerve in the required manner I would crash (as have many others). I used my best judgment and avoided the hazard in a safe way i.e. without the swerve.

All of my instincts tell me not to accelerate toward a hazard—how can this be expected of any motorcyclist. It is now my intention to continue retaking my CBT"—

that is, her compulsory basic training—

"and to ride my 125 until such a time as the"

Driving Standards Agency

"comes to its senses and changes this situation. My heart goes out to the family of the person who will become the first fatality."

Riders are being deterred from taking training and from taking the test. Having taken the compulsory basic training, which is basically like riding round cones in a car park—actually, it is better than that, but it is very basic initial training—riders realise that they can ride for two years without taking a test. I am concerned that many riders will continue to ride for two years, take the CBT and ride for two years again. That will result in less well trained motorcycle riders on our roads.

The second point that I want to raise is the issue of drink and drug-driving. The Opposition do not intend to reduce the drink-drive limit, for the very reasons that the hon. Member for Carlisle (Mr. Martlew) stated. Many other EU countries have lower limits, but they do not have the gold standard ban. As we have seen with speeding, giving people points on their licence and fines does not deter them.

We feel that retaining the ban is very important, and for that reason we will not follow the example of other EU countries. However, I applaud the campaigns carried out by Ministers during the summer and at Christmas to raise awareness of drink-driving. If we get directly elected police commissioners in this country, they might want to put prioritising the enforcement of drink-driving in their election manifestos.

Bob Russell: Does the hon. Gentleman accept that the double approach of a lower drink-drive limit and the threat of disqualification is more likely to ensure that people are less inclined to drink-drive than what he is proposing?

Mr. Goodwill: I hear what the hon. Gentleman says, but feel that his proposal may be seen as too draconian. All too often when we read of an accident in the newspapers, it involves a person who is twice or three times over the limit. We need to make sure that we are policing the existing limit before we move further.

I turn now to the issue of drug-driving, in respect of which the UK is lagging behind many other countries in the world. We still rely on the field impairment test, which was used for drink-driving before Barbara Castle introduced the breathalyser. Drivers suspected of being under the influence of drugs are expected to walk down a white line at the side of the road.

It is 2009. Countries such as France, Germany, Belgium, Romania—for goodness' sake!—Croatia, Italy, Australia, Spain, Switzerland, Finland, Iceland, the Czech Republic and Luxembourg all have roadside drug-testing equipment that is deployed and used by police. Why is the UK lagging behind?

I have seen the tests demonstrated. Using a saliva test at the roadside, they test for up to two drugs, although a new generation of equipment will soon test simultaneously for six different drugs.

Norman Baker: I promise not to report the hon. Gentleman's remarks to the Romanian ambassador, but does he agree that the problem does not involve illegal drugs only and that it is important that any test should take account of prescribed drugs as well?

Mr. Goodwill: That is true, but GPs also have a responsibility. I tabled a parliamentary question recently to ask how many GPs, having prescribed a drug for which driving was forbidden after use, then reported to the driving licence authorities that the patient involved should not continue to drive while taking that drug. In many cases, GPs may be reluctant to put their relationship with patients at risk by grassing them up, so to speak, to Swansea.

We need a debate on how we should treat drug-driving in the courts if we had drug-testing equipment out in the field. It would be difficult to set a safe limit for the drugs that we are talking about because they are illegal, and that is not the case with alcohol. I have not discussed this matter at any length with my colleagues who shadow the Justice Department or the Home Office but, although we could make it an offence for a person to have any drug at all in his system, I suspect that the Crown Prosecution Service might have to issue guidelines about the level of intoxication at which a prosecution could be brought.

There is a precedent with speeding, for which the guidelines laid down by the Association of Chief Police Officers make it clear that a prosecution may be brought if a driver does 10 per cent. over the limit, plus 2 mph. Another example might involve theft: if, God forbid, I stole an orange from a stall in Pimlico market I may be let off with a warning, but if I hijacked a 38-tonner full of oranges I would be for the high jump. We need a genuine debate about how we police drug-driving, once the equipment is being used and deployed. I think that all parties would like to work constructively together to try to reach a solution to that vexing problem.

Young drivers have been mentioned, and we have certainly looked carefully at ideas such as raising the driving age to 18 and limiting the number of young

[Mr. Goodwill]

people to two in a car. We are giving conflicting advice: we are saying that, if young people go out together, they should nominate a driver, but surely, in those circumstances, it is a good idea to have four or five people in the car if the driver has not been drinking. We have rejected the idea of a curfew, but we are very well aware of the risk to young drivers—it is the single biggest killer of 15 to 24-year-olds in the OECD countries, and the death rate among under-25s is double the normal death rate.

Mr. Martlew: To clarify, the Opposition's position is to do nothing. Is that correct?

Mr. Goodwill: The Opposition's position is to look at how the driving test can be made more appropriate and to make the driving test better but not necessarily harder. I have discussed with the Minister's predecessor the young men who pass their tests with flying colours, but the rather nervous drivers who perhaps scrape through the test are often the ones who are killed in accidents or incidents. So we need to make the test more appropriate to the conditions that young drivers face.

During the consultation that, I think, has recently closed, we suggested taking the manoeuvres out of the driving test—the three-point turn, parallel parking and reversing around a corner—to buy an additional 15 or 20 minutes during the test when other driving skills, such as perhaps driving at higher speeds, could be examined to try to determine which young drivers are likely to be at risk.

Rogue drivers have been mentioned. As the hon. Member for Lewes (Norman Baker) said, the fines that have been levied for having no insurance policy are often much less than the premiums paid by 17-year-olds. I do not know whether many hon. Members saw the "Top Gear" programme a couple of weeks ago, when Jeremy Clarkson, James May and Richard Hammond posed as 17-year-olds when trying to insure their cars. I must add that, of course, they did so over the telephone. I am sure that Mr. Hammond might just have been able to carry it off, but the other two would have certainly failed miserably. They were quoted punitive premiums, so it is no wonder that many young people decide to become rogue drivers.

Sadly, these days, it is very easy to be a rogue driver, given the ease of cloning vehicles. Police around the country are deploying many more automatic number plate detection systems, which are very good at picking up cars that are not insured or MOT-ed, or those that have been flagged up on the police national computer as being of interest, but it is very easy to steal a number plate from another identical car or even to go on to the internet to buy a so-called show plate that can be placed on a car and used to clone another one.

Two years ago, I went on to one of those show plate sites on the internet and managed to buy number plates identical to those on the Prime Minister's Jaguar XJ6. Surely, if I can clone the Prime Minister's car, any car in the country could be cloned. I hasten to add that I did not put the plates on to my car, so congestion charge notices have not been arriving at No. 10 Downing street. However, the Government thought that they had ticked the box and come up with a solution because one had to show photographic proof of identity, along with the car's log book, when presenting oneself at a garage to buy number plates.

Sadly, one can go to a variety of internet sites that advertise show plates, and although there is a warning at the bottom of the website saying that the plate must not be used on vehicles on the road, the plates are identical to the ones provided legitimately and can be used very easily to clone vehicles. Similarly, when plates are attached to a car, they can be removed and placed on another car. I suggest that simple, basic technology—the word "technology" does not even describe it—such as tamper-proof number plates that are broken if removed, could prevent such cloning from going on and mean fewer rogue drivers on our roads. All too often, it is the rogue drivers, who are not insured, who may be disqualified and whose cars might not be roadworthy who are involved in accidents on our roads.

On speed enforcement, in some ways the Government could be accused of being a one-club golfer, given their reliance on fixed-speed cameras. As we see from the large number of people who have been fined because of those cameras, they are not even effective at stopping people speeding in areas where there are cameras, never mind where there are no cameras. The hon. Member for Colchester (Bob Russell) mentioned reactive signs. A reactive sign costs only £7,000, whereas a fixed-speed camera is £40,000. We look with interest at the experiment in Swindon, where the Conservative-controlled council has withdrawn from the safety partnership and is deploying the money in other ways to try to improve safety on its roads. My constituency is in north Yorkshire, where we do not have any fixed-speed cameras, and it is interesting that it has never been drawn to my attention that improvements in road safety are any lesser in north Yorkshire than anywhere else in the country.

Bob Russell: Will the hon. Gentleman confirm that it is the view of Her Majesty's official Opposition that breaking the law should not be condoned?

Mr. Goodwill: Certainly, we absolutely condemn anyone breaking the speed limits. I am talking about how we can effectively police those speed limits. I went to Bradford recently—I am not used to driving there—and saw a lot of cars slowing down to go past the cameras, but speeding up afterwards. Local people know where the cameras are. Hundreds of thousands of people have been caught by the cameras. We need a more intelligent approach to the issue, and we need to look carefully at where cameras are located.

I am a big fan of time-over-distance, or average, cameras. Where they have been used in Scotland, they have been very effective. I say that because they have caught so few people, and surely that is the test of whether a camera system is effective. It is effective if it does not catch people speeding because it deters them from speeding. When such cameras are used on contraflows where there are motorway roadworks, they have worked very well at keeping speed down. Interestingly, on motorways where there are no roadworks, where time-over-distance cameras have been deployed, journey times have improved. If a person speeds down the fast lane of a motorway, causing other people to pull in, it often increases the journey time for many other people on the road.

We have rejected the suggestions that Ministers made earlier in the year that there should be a blanket 50 mph speed limit on rural roads. Where lower speed limits are appropriate, they should be introduced. Similarly, 20 mph speed limits should be introduced where they are appropriate, but there should not necessarily be a blanket introduction over an area. I was interested to hear the hon. Member for Colchester talk about the warning signs that he had seen in Derbyshire outside a school. That system is used widely in New Zealand; head teachers can deploy signs that light up at important times of day, such as when children are arriving or leaving.

We are looking closely at the system in Spain—I do not know whether the Minister has heard of it—where a reactive sign is placed just before a light-controlled pedestrian crossing. If a motorist triggers that sign, it deploys the red light on the pelican crossing, so that he has a "time out" there. Not only is he given the inconvenience of having to wait, but drivers in the cars behind him—and, more importantly, drivers coming in the other direction, who have eye contact with him—can show their disapproval.

I thank the hon. Member for Liverpool, Riverside, again for presenting her report. There is much in it that is worthy of further action. Although I have been a little critical of the Government in one or two areas, the vast majority of what they are doing takes us in the right direction. If it was not, the figures would not be so good. However, I would like the Minister to look closely at the issues of the motorcycle test, better roadside drug-testing equipment and how we can clamp down on rogue drivers by cutting out all the bogus, counterfeit number plates around the country. One police officer told me that it was estimated that there were 20,000 cloned vehicles on our road.

5.38 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): We have had an interesting, if short, debate on a fundamentally important issue, and I am delighted to respond to it. At the outset, I thank my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) for her work in chairing the Select Committee, and for presenting us with an important report on an issue that affects so many of us.

My hon. Friend the Member for Carlisle (Mr. Martlew), among others, has often said that the number of deaths and serious injuries on our roads, compared to those involving other modes of transport, is appalling. Before I turn to the clearly heartening statistics that were released last week, let me say that I agree that even one death is one too many. Members from all parts of the House strive to reduce the numbers, and although there should never be any cosy relationship between the Government and the Select Committee—or, indeed, the Opposition—we share that goal of reducing road casualties. Collaborative work and ideas will help us to achieve what many of us want, which is zero deaths.

Last week's published statistics for 2008 showed excellent progress on reducing the toll of injury and, particularly, death on British roads. Several Members have referred to the 14 per cent. reduction in deaths since 2007, and that occurred across all transport modes: pedestrians, cyclists, motorcyclists, and occupants of cars, buses, coaches and goods vehicles.

In addition, the total number of people killed or seriously injured on our roads fell by 7 per cent., and has fallen by 40 per cent. from our 1994 to 1998 average baseline, meaning that the target that we set for 2010 has now been met. I shall return to the question of whether the new targets are stretching enough. All parts of the House welcome the figures, but it is important not to get carried away. I said as much last Thursday at the Road Safety Foundation's launch of the European Road Assessment Programme's statistics, when I remarked that the figures were extremely welcome but that last year was economically extraordinary, combining the tail end of a spike in fuel prices with the beginnings of the global recession. That may have had some effect on transport levels, and therefore on casualty levels on our roads. Yet the trend is still downwards, and I want to put on the record my thanks to everyone in the transport industries who has helped us to achieve those results.

We should not get carried away with having only—only—2,538 dying on our roads in a year, because that is still a dreadful statistic. We need to work on it and to do much better, and as the Select Committee Chairman said at the beginning of our proceedings, there is an ongoing debate about how to continue to reduce those figures. At the end of April we responded to the Committee's report and launched a consultation on our new long-term road safety strategy, which will come into force in 2010. Although it draws on many important lessons that we have learned from the current strategy, it sets out a fresh approach to road safety, proposals for new targets and measures to help us meet them.

Despite recent successes, current casualty rates—death rates, in particular—are far too high, and although we have reduced serious injuries on our roads by 41 per cent. in the current strategy, deaths have come down by only 29 per cent. Therefore, we propose a bold strategy for the period beyond 2010, with a long-term vision not just to improve road safety, but to make Britain's roads the safest in the world.

Our primary national target for 2020, therefore, is to reduce deaths by one third. We recognise that that is ambitious, but we believe that the target is grounded in reality and achievable. We also propose that serious injuries be reduced by 33 per cent. by 2020, giving local authorities a combined benchmark for deaths and serious injuries against which to measure their progress.

Mr. Martlew: I heard what the Minister said about the possibility that last year might have been exceptional. However, deaths are down to about 2,500 and he is talking about bringing them down to 2,000 in 12 years' time. That does not seem too ambitious to me.

Paul Clark: I said that I would talk later about whether the targets were stretching. When we compiled and presented the report and the strategy, we did not have the benefit of the 2008 casualty figures, which are recognised across the Chamber as an extremely welcome and substantial reduction. We are carrying out a consultation and we will reflect on the targets in the light of the figures that we published last week, and of the consultation and the responses to it. We will certainly take those issues on board.

Under the current strategy we are saying that road deaths and serious injuries to children should be reduced by at least half by 2020. Our progress on reducing child

[Paul Clark]

casualties has been better since 2000; we have reduced child deaths and serious injuries by 55 per cent. from our baseline. However, that progress is for the nought-to-16 age group, and progress has been much less marked for the slightly older age groups. We therefore propose to extend the target to cover 16 and 17-year-olds.

Norman Baker: May I caution the Minister? I suspect that one of the reasons for the improvement in the nought-to-16 age group figure is that there has been an increase in the use of vehicles to take children to school—partly for social reasons and partly because many parents are concerned about whether it is safe for children to walk to school these days. There may be a false assumption that the figure represents progress, given that there may have been a reduction in the number of children walking.

Paul Clark: According to the figures, the numbers of those walking and cycling have increased. If I remember correctly, about 49 per cent. of young people cycle or walk to school; obviously, we want to maintain and increase that level. I shall deal later with some of the other issues relating to cycling and walking to school that have been raised by Members in this debate.

Lastly, we propose a target to reduce the rate of death and serious injury among pedestrians and cyclists, per kilometre travelled, by half by 2020. That has been chosen in the light of the pressing need to increase the amount of walking and cycling, for environmental and public health reasons, and to make them safer at the same time. That raises the point made by the Select Committee, which said that road safety is not just an issue for the Department for Transport; it is a much wider issue that requires cross-Government, cross-agency and cross-country working if we are to achieve many of our targets.

Mr. Goodwill: The Minister will be aware that Boris Johnson, the Mayor of London, has applied to the Department to allow cyclists to turn left on red, to reduce the hazard from large vehicles' back wheels as they turn left as well. Can the Minister give us any news on that application?

Paul Clark: I cannot at this stage. Although on the face of it that idea might seem to be straightforward and to achieve a given goal, we have to make sure that we are not opening up another area that gives cause for concern; that applies to some of the other issues that have been raised today as well.

All users of any mode of transport—walking on two legs, cycling on two wheels, riding a motorcycle or being behind the wheel of a car or van—have a responsibility to be safe, for their own sake and that of others. A point has been raised about the reliability of STATS19, the police road accident data. The way in which those are used feeds into local authority statistics. Equally, we are doing work on the accident and emergency results from the health survey and the national travel survey, which include data and questions relating to road safety. We do not dispute that there may be differences between those figures, but we do not accept that there is any great difference in the degree of under-reporting compared with previous years. Of course there will be incidents where the police are not involved but ultimately—24 hours later, say—someone feels a twinge and ends up going to the accident and emergency department; whiplash is a good example of that sort of injury. We are doing more work in this regard, but the reliability of the data has not changed to any great degree since yesteryear.

We propose to make our driver testing and training regimes better and to crack down further on the most dangerous behaviours. We believe that our regulatory regime is broadly fit for purpose. Our philosophy must therefore be to concentrate on improving the delivery of road safety—in particular, homing in on the roads, people and behaviours most associated with casualties on the network. We need to tackle the "hard cases" in road safety. Many of the steps that we are taking on data collection and so on are fundamental in getting the more detailed, homed-in data that we require to tackle the minority of people who cause many of the accidents, whether on categories of road such as rural single carriageways or on roads in residential areas.

To improve safety on rural roads, which see some 60 per cent. of all road deaths but only 42 per cent. of traffic, we propose to publish maps every year highlighting the main roads with the poorest safety records so that highway authorities can take action with their partners to tackle those routes. We will also encourage them to reduce speed limits on rural single carriageways, on a targeted basis, from the current 60 mph limit. The level of danger on these roads varies widely—indeed, hon. Members have referred to several examples in their own constituencies—and we want authorities to reduce speed limits on the roads that have the most crashes.

We will continue to encourage investment in improved highway engineering, as it is clear that such schemes are continuing to reduce casualties at relatively low cost. We want local authorities to improve safety for pedestrians and cyclists by establishing 20 mph zones in streets of a primarily residential nature. Those will not be major through routes which happen to have a few houses on them, but streets whose clear primary purpose is access to homes. That is what must happen: the streets are for living in, not dying in.

Work and investment have been going on through programmes such as Kerbcraft, whereby youngsters learn about the importance of respecting roads; it is about having the freedom to go out on the roads but knowing how to use them well for walking, using buses and cycling. I particularly draw attention to the £140 million three-year programme for Bikeability training, where it looks as though we will be able to achieve a year early our target of some 500,000 youngsters getting the skills and confidence to use our roads safely, with mums and dads being confident that their sons or daughters have those skills.

I turn to issues of deprivation. The incidence of accidents in certain areas is a great cause for concern, and work is continuing on several projects. For example, there have been projects in Oldham, where we have put money into adults' road safety skills; in Hounslow—with the Somali community if I recall correctly, to help with a particular issue—and in other areas where we are considering how young people in particular are affected by advertising about speed and road use.

I can also draw attention to the manual for streets, a document to which the hon. Member for Colchester (Bob Russell) referred. It is available to local authority

planners, and relates to new developments as well as existing ones. It gives us the opportunity to take forward a number of the issues that hon. Members have raised.

We are not only looking to continue to work in partnership with the motor industry to boost vehicle safety, but seeking to raise awareness of driver and passenger safety. We expect crash protection improvements to focus on particular problems or types of accident, and we believe that advanced vehicle safety systems that help drivers and motorcyclists avoid crashes have significant potential to reduce casualties over the next decade.

We need to consider how we can influence behaviour, particularly on the matters included in our consultation last year on road safety compliance. It set out a number of proposals to crack down on motorists who endanger not only their own lives but those of others. The proposals include more penalty points for extreme speeding and strong measures to discourage the utterly irresponsible minority who drive while under the influence of alcohol or drugs.

We have taken a number of other steps, including increasing the work of the successful Think! brand of road safety advertising and the messages that we send through it. We have also recently published the results of our learning to drive consultation, which was launched last year, and will now proceed with plans to strengthen the way in which people learn to drive and are tested, and subsequently to encourage a culture of continued and lifelong learning for drivers.

I turn to some of the many points that were raised in the debate. I wish the hon. Member for Colchester luck with the A140, which he believes he will be using a great deal on his way to Norwich. The work of the Road Safety Foundation, whose launch event he attended last Thursday, helps to identify the critical roads that have a high incidence of deaths or serious injuries, so that we can focus money and resources on improving them. That is a matter for local highways authorities.

The Chairman of the Transport Committee talked about learning to drive. We are making changes to the theory test from this October, and the practical driving test from October 2010. Competence while driving independently will be brought into the test. We seriously considered graduated licensing, but our conclusion was that although it would reduce the exposure of drivers, particularly young people, to certain risks, it would not provide proper experience. Equally—I believe that my hon. Friend touched on this point—it could reduce their ability to get to their jobs, let alone social events. Our belief is that we should ensure that education and awareness are beefed up.

Motorcyclists are a critical group of particular concern, and we need to do a great deal for them. One reason why the swerve test is in place is that a number of motorcyclists are injured on our roads because they have to swerve to miss opening car doors or other obstacles in the road.

Finally, I pay tribute to Mr. and Mrs. Bell, who came to see me yesterday, for their sterling work in light of the tragic death of their daughter Jordan. I recognise their hard work. We are studying drink-driving and gathering more data, and also studying drug-driving. There are, of course, already penalties for driving under the influence of drugs, but we are considering whether to create new offences to get a better message across. We want drug-driving to become socially unacceptable, just as drink-driving has done.

Let me say—

6 pm

Debate interrupted, and Question deferred (Standing Order No. 54(4)).

The Deputy Speaker put the deferred Questions (Standing Order No. 54(5)).

ESTIMATES 2009-10

DEPARTMENT FOR CHILDREN, SCHOOLS AND FAMILIES

Resolved,

That, for the year ending with 31 March 2010, for expenditure by the Department for Children, Schools and Families—

(1) further resources, not exceeding £32,152,966,000 be authorised for use as set out in HC 514,

(2) a further sum, not exceeding £32,181,534,000 be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.

DEPARTMENT FOR TRANSPORT

Resolved,

That, for the year ending with 31 March 2010, for expenditure by the Department for Transport—

(1) further resources, not exceeding £8,812,695,000 be authorised for use as set out in HC 514,

(2) a further sum, not exceeding £7,734,837,000 be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.

The Deputy Speaker then put the Questions on the outstanding Estimates (Standing Order No. 55).

ESTIMATES 2009-10

Resolved,

That, for the year ending with 31 March 2010—

(1) further resources, not exceeding £240,889,839,000 be authorised for use for defence and civil services as set out in HC 513, HC 514, HC 515 and HC 525,

(2) a further sum, not exceeding £251,679,943,000 be granted to Her Majesty out of the Consolidated Fund to meet the costs of defence and civil services as so set out, and

(3) limits as set out in HC 513, HC 514 and HC 525 be set on appropriations in aid.—*(Mr. Stephen Timms.)*

Ordered, That a Bill be brought in upon the foregoing Resolutions;

That the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Mr. Liam Byrne, Mr. Stephen Timms, Sarah McCarthy-Fry and Ian Pearson introduce the Bill.

CONSOLIDATED FUND (APPROPRIATION) (NO. 2) BILL

Presentation and First Reading

Mr. Stephen Timms accordingly presented a Bill to authorise the use of resources for the service of the year ending with 31 March 2010; to appropriate the supply authorised in this Session of Parliament for the service of the year ending with 31 March 2010; and to repeal certain Consolidated Fund and Appropriation Acts.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 119).

School Bus Safety

Motion made, and Question proposed, That this House do now adjourn.—*(David Wright.)*

6.2 pm

Malcolm Bruce (Gordon) (LD): I am grateful to have the opportunity to debate the subject of school bus safety, and it is perhaps appropriate that this debate should follow that we have just had on road safety.

There is a problem in that the statistics are not collected specifically on school bus safety. One of my proposals is that they should be monitored. I first raised the issue in the House 11 years ago, when I introduced a ten-minute Bill. Although there has been a reduction in the number of accidents and deaths reported, there are still too many. A number of them could have been prevented if other measures had been adopted, such as those that I have proposed and on which I should like to engage the Department.

The Department for Transport has data for road casualties in Great Britain by year only up to 2007. Over a three-year period, the number of fatalities among school pupils when travelling to or from school in a bus or tram went down from 21 to eight, while the number of casualties went down from 424 to 338. Although that is an improvement, my area has been shocked by a number of incidents, including two fatalities within two weeks of each other in the past year or so, when 15-year-old Robyn Oldham and 12-year-old Alexander Milne were tragically killed having just got off a school bus.

Robyn had just moved into the area and was travelling home from school at Turriff academy when she was struck down by a car, seconds after getting off the school bus. Robyn's mum Carla has been campaigning vigorously to raise awareness of the dangers as part of the Bus Stop! and School Bus Safety Group campaigns, to which I shall return. Just a fortnight after that, Alexander Milne—Zander to his family—was travelling home from school in Fraserburgh when he was also knocked down by a car. I have today spoken to Zander's father Philip and Robyn's mum Carla, who are both adamant that had there been a rule not to overtake a stationary bus, their children would be alive today. The House will therefore understand their strong feelings about the proposal which the Government are resisting for reasons that I hope I can engage with in this debate.

As a result of those accidents, the campaign for improved safety on buses has been stepped up. It has gained support across a wide spectrum of councils, councillors, parliamentarians from the Scottish Parliament and from this House, and many local residents. All have concluded that improvements can be made, and many believe that changes should be effected through legislation so that a nationwide policy can be put in place, although I hope the Minister will understand that I am looking not only for legislation but for greater safety awareness and an opportunity to make everyone who uses the roads aware of the dangers so that they will behave in a way that will reduce the likelihood of such accidents.

The School Bus Safety Group is run by Ron Beaty from Gardenstown in Aberdeenshire. His granddaughter Erin was seriously injured in a school bus incident five years ago. The group has set up a website—www.schoolbus.org.uk—and quite a lot of its proposals have been incorporated into the School Bus (Safety) Bill, which I have presented to the House. The Minister has seen the Bill and responded to it, and I hope that I shall be able to engage him on that subject tonight and subsequently.

The Bill has cross-party support, and I am grateful to the hon. Member for Aberdeen, South (Miss Begg), the right hon. Member for Sheffield, Brightside (Mr. Blunkett), the hon. Members for Worthing, West (Peter Bottomley) and for The Wrekin (Mark Pritchard) and to my hon. Friends the Members for Dunfermline and West Fife (Willie Rennie) and for West Aberdeenshire and Kincardine (Sir Robert Smith), all of whom have supported it. The Minister will be aware of the work done by the hon. Member for Aberdeen, South and the right hon. Member for Sheffield, Brightside on the Yellow School Bus Commission last year, which was widely welcomed by many campaigners.

This is not a back-of-an-envelope Bill. It is a short Bill containing very specific proposals, and I have consulted widely on it and continue to do so. I am not suggesting that it would be a definitive law. I am not even asking the Government to adopt the Bill, much as I would like them to do so, but I would ask them to recognise that it contains serious proposals, which might need to be refined or modified but which could make a serious contribution to road safety.

Every day, parents across the country entrust their children's safety to bus companies on the school run, although I am not suggesting for a minute that those companies and their drivers take that responsibility lightly. Nevertheless, I would like to engage with the Minister on some of the ideas in the Bill, and explain why I believe that they would contribute to road safety. The Bill suggests that school buses should

"be single decked, be fitted with three point safety belts on every seat, be fitted with large external 'stop' signs which must be activated when the bus is stationary at bus stops, be brightly and distinctly coloured, and display prominently on the interior and exterior notices containing safety advice for drivers, passengers and other road users".

Those are very specific proposals. I have also proposed that consideration should be given to the no-overtaking rule, and that a school bus safety council be established to monitor what is happening and to make recommendations on how our safety culture might be improved.

I have also acknowledged that there would be costs involved; I am mindful of that fact. I do not want a culture in which only the big bus operators could provide school bus services and from which the small operators would be excluded. Also, I do not want to see over-regulation resulting in unrealistic costs, given that school transport, including transport over longer distances, has to be paid for by local authorities. My proposals have taken all that into account, in order to ensure that they are practicable, workable and affordable. In that context, I hope that the Minister will take them in the spirit in which they have been put forward.

In the Minister's reply to me regarding the Bill, he has made a number of statements to the effect that he believes that the existing law is adequate to deal with these issues. Obviously, he will not be surprised to find that I am not entirely persuaded by all his arguments. He refers to school buses already having to meet "minimum regulatory standards", and states:

"Road Vehicle Lighting Regulations require all buses carrying children (under 16) to or from school to be fitted with a prescribed sign showing clearly to the front and rear."

I have to say that the signs in school buses are hopelessly inadequate in poor lighting. They are temporary, as they are put up for just that purpose, and they are easy to miss, particularly in poor visibility. He goes on to say:

"Buses carrying children are also permitted to display hazard warning lights when stopping to allow children to board or alight."

I suggest that that would not have the impact that a dedicated flashing sign would. It could be removable by all means; I understand that buses might well be used for other purposes. I have no problem with the signs being removable, but they need to be prominent, clear and flashing if they are to have the necessary impact.

The Minister also said that under the regulations, additional signs would be "permissible". Well, it is fine that they are permissible, but they are not required. That is the difference between the Minister and me. He says that the culture is in place, but the law does not enforce it or require it to be enforced. I would suggest that the difference between us is the belief that we need to step up the regulatory framework to the point of requiring a more prominent display of warning signs.

It is true that there have been improvements in the requirement for seat-belts provisions, but they are not fully implemented across the board. It has been put to me that, ideally, in the longer run, three-point belts would be inherently safer. According to the Royal Society for the Prevention of Accidents:

"Although lap belts are not recommended for pregnant women, they are safe and suitable for other adult passengers. Three-point seat belts are safer, but wearing a lap belt is far better than wearing no seat belt at all."

I know of people who have suffered severe injuries from lap belts, which would not have occurred if they had been wearing three-point belts. I thus suggest to the Minister that there is room for further discussion about having regulations or at least guidance that is stronger.

Let me deal with the specific issue of the no-overtaking rule, which attracts very considerable support, certainly from the parents of schoolchildren. I notice that the hon. Member for Aberdeen, South is in her place and I know that this measure is widely supported in the north-east of Scotland. It is believed to be an important contributor to road safety, yet it is resisted by the Department. The Department argues that on higher-speed roads, higher-speed braking might be required, which could be hazardous in itself, while drivers waiting from a side road might be less likely to let an approaching bus pull out in front of them and, indeed, might be encouraged to overtake dangerously when they think the bus is going to stop. That is the Department's main argument and I am not saying that those considerations are not relevant, but I am not entirely persuaded by them.

The evidence I have seen suggests that where people know that something is the rule, they are likely to comply with it. The fact that it is advisory in the highway code seems to have absolutely no impact on behaviour at all. Perhaps because I have a direct interest—perhaps because I am, I hope, a careful and considerate road user and a parent of children of school age—I would certainly not consider overtaking a stationary bus that is picking up schoolchildren. I would be very mindful of the dangers and likelihood of children moving out into the road.

I am, of course, in favour of a safety culture that encourages children to go to the back of the bus and to wait for the bus to move off. All those things will contribute to safety and they are all relevant, but I can say without fear of contradiction that there is widespread belief that a no-overtaking rule would save lives, and notwithstanding the reservations expressed by the Department, it would be a net contribution to safety rather than the other way round. That requires it to be an understood and accepted law. Other arguments have been deployed, but I hope that I have addressed the key ones and I hope that the Minister will take them in good faith as worthy of further reflection.

Mike Penning (Hemel Hempstead) (Con): I am grateful to the right hon. Gentleman for generously allowing me to intervene in his Adjournment debate. If evidence is required and if evidence is also the basis of the Government's opposition, why have they not looked at countries where these measures have been in force for years and years, without producing the risks that the Government have adduced as evidence for not supporting a no-overtaking rule? Overtaking a school bus is a very serious offence in America, and there does not seem to have been any of these problems. The traffic stops because it has to; that is how it should be.

Malcolm Bruce: The hon. Gentleman is quite right. The Government take issue with that, but I certainly agree that there is such evidence. I would also say—I am conscious of my time—that Aberdeenshire and Moray councils cannot adopt that because of the law, but they have adopted a whole variety of safety measures. They have run an excellent campaign under the logo "Bus Stop", they have set up a website, and they have made changes to regulations requiring all buses to have seat belts by 2010 and prohibiting double-decker buses for school transport.

I assure the House—this is directly relevant to the point made by the hon. Member for Hemel Hempstead (Mike Penning)—there is a clear willingness and, indeed, enthusiasm in Scotland to be given an opportunity to test the proposals in my Bill. I am a Liberal Democrat, not a Scottish nationalist, and I am not interested in an argument between this Parliament and the Scottish Parliament, but I am interested in establishing whether my proposals can be applied practically.

The hon. Gentleman said that we had evidence from elsewhere. We could have evidence from the United Kingdom if the Government would consider, for example, allowing a no-overtaking rule to apply in Scotland—it would probably require an area that large to be effective. It could be policed and administered by the Scottish Executive, who are keen to introduce it, and by local authorities in Scotland, which are keen to be part of any test. There could be a very constructive relationship between the two Parliaments which would be widely welcomed, and I urge the Minister to give it serious consideration.

A number of measures are being implemented by the local councils in the north-east of Scotland. Aberdeenshire, Aberdeen and Moray are to be congratulated on the action that they have taken. One example is the "See Me" system, consisting of a flashing light. We have dark evenings, which makes the light much more visible. A contact in Aberdeen suggested to me the introduction

[Malcolm Bruce]

of warning signs that would indicate that children were passing the front or rear of the bus, rather like distance indicators. They could be fitted very cheaply, and it would be an example of the use of technology to deliver a safer environment for children travelling to and from school. It was described as a "bus-pedestrian safety control" by Alastair McGuire, who suggested it to me, and I think that the idea is worth exploring.

I want to give the Minister time to give a proper reply. Let me end by saying that I want to engage with him, that I think the campaigners would like to engage with him, and that I appreciate his offering that opportunity. The debate has given me a chance to put some of the terms of my Bill on record, to make the speech that I could not make when I presented it, and to explain some of the parameters. I should be grateful if the Minister did not dismiss them out of hand. I am aware of his objections and I am sure that he will wish to rehearse them, but I hope he will acknowledge that my proposals have been given a great deal of consideration by, among others, bus users, local authorities, parents and others with an interest in bus safety. They believe that the implementation of those proposals would make a real contribution, and they are a little disappointed by the Department's resistance.

The Department has a new ministerial team, which seems to me to present a fresh opportunity. Even if the Minister articulates the Department's reservations, which I expect him to do, I urge him to engage with us. I urge him to consider whether the Department can act, by means of adaptation or in some other way. I urge him to consider whether Scotland could test the proposals further, so that we could establish whether at least some of them could become law or be put into concrete effect. That would enable us to ensure that in future there are far fewer tragedies such as those that have blighted the lives of families in the north-east of Scotland and, indeed, throughout the United Kingdom.

I hope that the Minister will engage with my proposals in a constructive spirit; I am sure that he will.

6.18 pm

The Minister of State, Department for Transport (Mr. Sadiq Khan): I congratulate the right hon. Member for Gordon (Malcolm Bruce) on securing a debate on a subject that is so important to many children, families and schools. How he managed to secure a debate on this subject that immediately follows an estimates day debate on road safety is beyond me, but I congratulate him on managing to do so.

The right hon. Gentleman spoke of a coalition in his constituency, but it is no coincidence that the hon. Member for Hemel Hempstead (Mike Penning) and my hon. Friend the Member for Aberdeen, South (Miss Begg) were present to hear his speech. The way in which he tempered his remarks, and the way in which he has led the campaign, is reflected in the fact that Members on both sides of the House were present to listen to his valuable speech.

I was extremely sorry to hear about the recent deaths in Aberdeenshire of Alexander Milne, aged 12, and Robyn Oldham, aged 15, to which the right hon. Gentleman referred. The family and friends of young people who are killed, and those who survive but whose lives may be utterly changed by a tragic collision, have my deepest sympathy. Nothing I can say will bring them comfort, but I assure the House that we take the safety of children and of all road users very seriously. The right hon. Gentleman referred to my offer to meet him to discuss not only his private Member's Bill, but other issues. It was a genuine offer and I will listen with open ears to the points he makes at that meeting, just as I did to his short speech. I will not make a Second Reading speech or try to rebut the points that he made. Some of the key parts of his proposal are in place, while it is always worth reflecting on others proposals, especially if tragedies could be prevented in future.

All buses used for school transport must meet minimum regulatory standards to ensure that the vehicles can operate safely to carry passengers on the public highway. The safety provisions for single and double-decker buses are equivalent. Buses carrying children to and from school already have to show retro-reflective "Children" pictogram signs; their minimum size is prescribed, but larger versions may be used. Secondary reflective signs, with markings or wording to indicate that children are on board or nearby, are also permitted—the right hon. Gentleman wants them to be obligatory—as is the use of the hazard warning lights when children are getting on or off.

Since 1997, irrespective of the vehicle's age, all coaches and minibuses—though not public transport-type buses designed for urban use—have been required to have either lap seat belts or lap and diagonal seat belts fitted if they are used to carry groups of children aged between three and 15 on organised trips. That would include dedicated home-to-school transport. Since 2001, seat belts have also been required in all new buses, except those designed for urban use where standing passengers are carried.

The responsibility of choosing the appropriate vehicle for a particular journey rests with those making the arrangements. Schools and local authorities can specify requirements above the minimum within their contracts with school transport providers. For example, they could specify in the contract that they will accept only vehicles fitted with lap and diagonal belts, or that signs should be above the minimum size. They can also specify the fitting and use of additional hazard lights or illuminated signs, and the removal of signs when buses are not being used as school buses. It is perfectly open to local authorities in Scotland to do just that.

Stopping all traffic from passing a school bus if children are getting on or off—a point mentioned by the hon. Member for Hemel Hempstead—is of course a reserved matter; our traffic signs regulations, which would include the proposed stop signs on a school bus directed at other road users, apply in England, Scotland and Wales. National consistency in the use and meaning of traffic signs is extremely important to ensure good compliance, and this is particularly true with safety-critical signs. We have considered the suggestion of adopting the "all-stop" rule, and we do not think that it would be the safest option. Most children who travel to and from school by bus use ordinary public service buses, and would not benefit.

One of our concerns is the possibility that children who were afforded such protection on school journeys might develop a false sense of security and take less care

when getting off public service buses, or when crossing the road at other times. I promised the right hon. Gentleman that I would have open ears, however, and I will discuss the detail with him and listen to him at our meeting. He referred to a pilot, and we can discuss that when we meet. The hon. Member for Hemel Hempstead referred to the United States and to Canada, and we could look at the empirical evidence that exists in those countries. It is a mixed picture, but we can discuss it when we meet. There will not be a rebuttal; it will be a genuine discussion of whether there are possible solutions to the problems that the right hon. Gentleman identified.

The Department for Transport does much to promote the safety of children. Among other things, we issue advice, guidance and teaching materials. The Highway Code gives advice to drivers and other road users emphasising that drivers need to take special care when passing buses and bus stops. Rule 209 specifically covers stationary school buses displaying a school bus sign. The code is not in itself a legal document, but drivers are expected to be aware of its advice and failure to observe this can be cited in any prosecution for offences such as careless driving or dangerous driving. It cannot just be parents, or those with experience of bereavement, who drive safely; it must be all of us, especially around children.

I took my driving test so long ago that it did not have the theory element—I am not sure how long ago other hon. Members present took their tests—but I have been assured that the theory element that now exists in the 21st century stresses the need to be aware of, and allow for, all vulnerable road users. It is important that people getting off the bus take special care as well, especially because large vehicles can hide them from the view of passing drivers. We advise in the highway code that people of all ages need to be careful at all times when crossing the road, and particularly that they should wait until the bus has moved away. That advice is repeated in much of the teaching and publicity information that we distribute, including our free booklets aimed at children beginning to cross roads and travel independently.

The first materials in our new, comprehensive set of road safety educational resources were issued this spring. They will cover all ages from four to 14, and will help teachers and local authorities to train and educate the children in their care. We have recently launched a new publicity campaign aimed at six to 11-year-olds, and we are planning a new teen road safety campaign for later this year. All these initiatives aim to instil good road-crossing behaviour and demonstrate the consequences of poor choices. We are currently disseminating the Kerbcraft child pedestrian training scheme, whose evaluation has shown that the scheme is highly effective in delivering a lasting improvement in children's road-crossing skills and understanding.

I could have responded to the right hon. Gentleman's excellent speech by giving lots of reasons why we cannot do what he suggests, but I think it is far more important that I have put on record what currently takes place and will meet him to discuss with an open mind some of the matters he has raised. I welcome his comments, and he fairly said that it is not possible to change behaviour through legislation alone; we must look at all possible options and levers at our disposal in order to try to reduce deaths and injuries.

As the Under-Secretary of State for Transport, my hon. Friend the Member for Gillingham (Paul Clark), said in closing the estimates day debate on road safety, the statistics for injuries and deaths have decreased, but they are still not low enough. The fact that last year we had the second lowest number of deaths among young people since records began does not give me any comfort when I consider the facts of the two deaths to which the right hon. Gentleman referred. They are tragic, and they could have been prevented.

I am grateful to the right hon. Gentleman for having introduced this debate, and to the hon. Member for Hemel Hempstead for having stayed to the end. I consider the issue of promoting school bus safety to be very important. I hope that I have demonstrated both that we are very active and have an open mind in this area.

Question put and agreed to.

6.27 pm

House adjourned.

House of Commons

Friday 3 July 2009

The House met at half-past Nine o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

9.33 am

Justine Greening (Putney) (Con): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163).

The House proceeded to a Division.

Mr. Speaker: I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 0, Noes 29.

Division No. 180] **[9.33 am**

AYES

Tellers for the Ayes:
Justine Greening and James Duddridge

NOES

Ainsworth, Mr. Peter
Barker, Gregory
Burt, Alistair
Carmichael, Mr. Alistair
Clwyd, rh Ann
Dismore, Mr. Andrew
Dunne, Mr. Philip
Fitzpatrick, Jim
Foster, Mr. Michael *(Worcester)*
Goodman, Helen
Gove, Michael
Harper, Mr. Mark
Howarth, David
Hughes, Simon
Irranca-Davies, Huw
Kennedy, rh Mr. Charles
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Lucas, Ian
McAvoy, rh Mr. Thomas
Merron, Gillian
Prentice, Bridget
Prescott, rh Mr. John
Simon, Mr. Siôn
Skinner, Mr. Dennis
Smith, rh Angela E. *(Basildon)*
Villiers, Mrs. Theresa
Wright, Mr. Iain

Tellers for the Noes:
Mr. Frank Roy and David Wright

The Speaker declared that the Question was not decided because fewer than 40 Members had participated in the Division (Standing Order No. 41).

Green Energy (Definition and Promotion) Bill

Consideration of Bill, as amended in the Public Bill Committee

Third Reading

9.50 am

Mr. Peter Ainsworth (East Surrey) (Con): I beg to move, That the Bill be now read the Third time.

It has been a privilege and a pleasure to help to pilot the Bill through the choppy waters of parliamentary procedure thus far. Private Members' Bills are notoriously fragile vessels and the waters are full of dangerous beasts, but I am happy to say that when I sought navigational assistance from the Government, they responded avidly. In fact, they seem to have taken over the ship, but I am not concerned about that. I am concerned about getting a Bill on to the statute book, with cross-party support, which will help to move the green agenda forward and help businesses, communities and individuals to play their part in meeting the challenging target of an 80 per cent. carbon reduction by 2050, and the perhaps even more challenging 2020 target that the Government have set us for renewable energy.

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): The hon. Gentleman is now facing his third Minister on the same Bill. Before he leaves the subject of the history so far, may I ask whether he agrees with me that he enjoyed a good, co-operative relationship with the previous two Ministers—particularly my right hon. and learned Friend the Member for North Warwickshire (Mr. O'Brien), who decided that the Bill was valuable and should be supported, and the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Lewisham, Deptford (Joan Ruddock), whose co-operation in Committee ensured that all the amendments were carried unanimously?

Mr. Ainsworth: I was coming to exactly that point. There has been a good working relationship, demonstrating that when it comes to important matters relating to climate change and carbon reduction we need to work together, and proving that we can work together. I am very grateful to successive Ministers. I might wish that there had not been so many of them, but the hon. Gentleman is of course a beneficiary of the way the doors have revolved in Whitehall in recent weeks, and I am pleased about that as well.

Mr. Andrew Dismore (Hendon) (Lab): I congratulate the hon. Gentleman on getting this far. One of his master strokes was asking me to be one of the Bill's supporters. I thought that the best way I could help was by taking a Trappist vow of silence on a Friday, but I want to compliment him on what he has been able to achieve. Energy efficiency and renewable and low-carbon sources have an important role to play in the long-term strategy, and I think that his Bill will make a major contribution towards the meeting of our share of the 2020 renewable energy targets. I hope that it will receive an unopposed Third Reading.

Mr. Ainsworth: That is rare praise for a private Member's Bill. It may have something to do with the fact that the hon. Gentleman's own private Member's Bill is due to

[Mr. Peter Ainsworth]

be dealt with later today, but I am delighted by what he has said. I return to my metaphor involving ships, pilots and navigators. The hon. Gentleman is, of course, one of the most notorious Friday morning pirates in the House, and it is good to have him on side on this occasion.

Let me extend my gratitude beyond the ministerial team to the civil servants in both the Department for Energy and Climate Change and the Department for Communities and Local Government, who have worked together to help the Bill to make progress and, in some cases, to make sense. I am also grateful to those in the Public Bill Office who, as ever, have worked their secret ministry, and to my hon. Friends the Member for Bexhill and Battle (Gregory Barker) and for Wealden (Charles Hendry), both of whom have spoken from the Opposition Front Bench during proceedings on the Bill.

Almost inevitably, given that this is a "green" private Member's Bill, I owe a particular debt of gratitude to Ron Bailey, that Whitehall scourge of counter-revolutionary forces and ardent upholder of anarcho-syndicalism—it is on the record now!—who, along with Jacky Howe, has been immensely helpful and influential behind the scenes. I also thank the Micropower Council for its support and hard work, particularly in encouraging members of the public to make known to their representatives their feelings about the importance of these measures.

The purpose of the Bill is to help the United Kingdom to meet its carbon reduction target of 80 per cent. by 2050, to help to tackle climate change and fuel poverty, and to increase the diversity of our energy supplies, thus making us both greener and safer. It aims to make it easier for households and businesses, including agricultural businesses, to generate energy in a more sustainable way, and to contribute to the meeting of the challenging renewable energy target set for 2020.

No one should underestimate the scale of the task ahead if we are to meet the climate change targets. Nor should anyone underestimate the benefits of moving swiftly towards those targets, not only the benefits in avoided costs—as Members will recall, the key message of the Stern review was that if we do not take action now, the consequences will be vastly more expensive and difficult—but the positive advantages of job creation, economic security, technical innovation and investment. In addition, if the United Kingdom is seen to take a real lead in practical terms, not just in terms of rhetoric, that will greatly strengthen our negotiating position in the vital international discussions that are taking place this year in the run-up to the summit at Copenhagen.

It is often the small, humdrum changes that make a big difference. The Bill contains a number of small measures: changes to permitted development rights for air-source heat pumps and micro-wind turbines, the inclusion of small-scale combined heat and power in the definition of green energy, the extension of permitted development rights for microgeneration to non-domestic land, and a timetable for a revised and up-to-date microgeneration strategy that includes raising the capacity limit for microgenerated thermal from 45 kW to 300 kW, which may help significantly with the development of community-based heating schemes.

I believe that all those measures add up to something potentially substantive. Above all, perhaps, they should make it easier for more people to benefit from green energy, with the added benefit of enhancing social engagement in the cause of carbon reduction. They may also help social cohesion where small, community-based schemes are made possible and introduced, bringing people together and—literally—empowering them. That is a useful social spin-off from the implementation of the micropower agenda.

In dealing with the whole question of climate change, we need to be bold, we need to have vision, and we need the grand designs; but we need to get the detail right as well, and we need to get people involved. That will only happen if there are easy, low-cost ways of getting involved. In green circles there is much talk of behaviour change, but it will not happen unless political policies are in place that enable people to change their behaviour. It was put to me the other day that the main religions of the world have been working on behaviour change for millennia without any notable success, and that human beings remain at heart selfish, short-term chimpanzees.

Gregory Barker (Bexhill and Battle) (Con): Speak for your own constituency!

Mr. Ainsworth: I should make it clear that I am certainly not speaking for my constituency, although I may well be speaking for that of my hon. Friend.

Chimpanzees respond to bananas. They respond to incentives. We need incentives: we need to make life easy, and we need inducements and encouragements. We certainly do not need punishments—and we do not need any number of Government strategies and reviews.

David Howarth (Cambridge) (LD): I congratulate the hon. Gentleman on getting this far with his Bill. He was right to say that all-party co-operation has made that possible. May I pick up his point about incentives? Does he agree that it is slightly disappointing that the Government were so opposed to the part of the original Bill that would have helped to preserve people who used microgeneration in their homes from the danger of increased council tax, and does he share my hope that the Government will deal with the problem at a later stage?

Mr. Ainsworth: The hon. Gentleman makes a very good point, and I made it clear in Committee that I was disappointed that that clause—clause 6 in the original Bill—did not find favour with the Government. It seems to me illogical that people who take the trouble to invest in improving their properties by installing micropower may face an increase in their council tax on revaluation. That is anomalous, and if this Government do not change it I hope a future Government will.

Returning to the need to engage people and the importance of accumulating small, detailed measures to make changes—and moving rapidly away from chimpanzees and bananas—one of my favourite quotes is, I think, from Ghandi. I have not managed to trace the source of the quote, and I would be very grateful if anybody can, but what Ghandi said was, "The effect of an insignificant action is greater than the effect of no

action by a factor of infinity. And when a multitude each takes an action which may itself seem insignificant, the effect can be huge."

The Committee stage was a thoughtful and useful process. It also enabled the Minister of State, the hon. Member for Lewisham, Deptford (Joan Ruddock), to make the very welcome announcement that the Department for Environment, Food and Rural Affairs had committed to a complete review of the environmental consent process for micro-hydropower. That is very welcome news. When the Minister makes his—no doubt brief—contribution to this debate, I would be grateful if he would let us know a little more about the detail of that review, and in particular the timetable.

If the Bill completes its voyage to the statute book, I hope that it will be regarded as a useful piece of legislation by the micropower industry, consumers, households and green campaigning groups. However, as I said on Second Reading, lack of time is always potentially lethal to private Members' Bills, and on that basis, and in anticipation that the House will wish to debate the commendable Industrial Carbon Emissions (Targets) Bill, which the right hon. Member for Ross, Skye and Lochaber (Mr. Kennedy) will introduce later this morning, I shall conclude my remarks with an exhortation to Members, and in particular the Minister, to keep their contributions brief.

10.2 pm

Frank Dobson (Holborn and St. Pancras) (Lab): As this is the first time that I have spoken in the Chamber since you were elevated to the Chair, Mr. Speaker, may I congratulate you and wish you well? May I also make it clear that it is not my intention to delay proceedings on this Bill, or the commencement—or even termination—of Bills further down today's agenda?

I welcome the Bill and congratulate the hon. Member for East Surrey (Mr. Ainsworth) and his fellow sponsors of all parties, including, rather unusually, my hon. Friend the Member for Hendon (Mr. Dismore). The Bill's proposals augment, in part at least, the Energy Act 2008 and the Climate Change Act 2008, which the Government successfully piloted on to the statute book. I particularly welcome the Bill's clarification of the fact that green energy includes energy saving and efficiency measures. They are not especially glamorous; they do not stand out as much as alternative sources of producing energy either physically, in people's minds or in most of the talk about trying to reduce our carbon-based energy consumption. Double glazing is not as eye-catching as a windmill. However, although energy efficiency and saving do not get the attention they deserve, their scope for benefiting us and the whole of mankind is enormous. Huge amounts of energy are still being wasted, and we can reduce that wastage quite quickly. Investment in energy saving produces much quicker returns than money invested in windmills, heat pumps or photovoltaics.

Most things in life involve dilemmas; there are advantages and disadvantages. Energy saving, however, is almost dilemma free; it is mostly gain. If we save energy, we reduce the need for carbon-based supplies—or, indeed, supplies of energy from any source. Through energy saving, we can rapidly reduce the cost of heating and lighting, because if we reduce the amount we waste, we have to buy less and that costs us less. The installation of energy-saving measures also creates jobs in the supply of various materials and in the process of installation itself, and the great virtue of that is that it will be done in homes and businesses in this country by people in this country; the jobs created by the installation of energy-saving measures have to be performed here, not by some impoverished person working for the tyrannical regime in China.

There is also a very substantial element of social justice involved in pushing forward with energy-saving measures, because it is a lamentable fact that the worst-off families and pensioners tend even now to be living in the worst insulated homes. They are getting the worst of all worlds: they are not keeping warm, yet they are paying more for their gas and electricity than better-off people who are keeping warm. That is absurd. I therefore welcome energy efficiency and its inclusion in the definition of green energy.

Justine Greening (Putney) (Con): The right hon. Gentleman raises an important point, and I would like to take this opportunity to put on record my support for the Bill. The more we can kick-start these technologies, the better they are likely to develop and the less they will cost, which will make them more affordable to a broader cross-section of the population. Today we can perhaps start a snowball effect that gradually makes all these technologies, whether they involve energy efficiency or energy saving, available to everyone. Also, as the right hon. Gentleman says, often it is lower-income people who suffer most from poor energy usage.

Frank Dobson: I entirely agree. This point is probably most starkly illustrated at present in the field of photovoltaics, which are currently very expensive, but if they were produced in tens of millions of units, the unit cost would come hurtling down. We have seen something similar happening in IT, and there are some strong parallels between that industry and photovoltaics.

The Government should be stepping up their action in this area. I know there is talk of reducing capital investment, but in my view there ought to be more Government and private capital investment in energy saving, particularly in people's homes. That is green, and it would save energy, create jobs and promote social justice, all of which cannot be said for many things in this life. I am therefore strongly in favour of it.

There must also be energy efficiency in non-domestic buildings. A lot of businesses need to do more to reduce their consumption. Quite a lot of them spend quite a lot of money on the physical security of their offices, factories and warehouses, but the fact of the matter is that despite the value of all the things that might be vandalised and stolen, they lose a lot more every day from energy escaping through the roof, chimneys, doors and windows of the buildings that the security guards are roaming around. I think they need to pay a lot more attention to that.

We must also recognise that there is a great deal of waste through overheating and over-lighting. As for the IT industry, I always smile wryly when I see somebody being interviewed on television advocating green measures while they are standing in a room with about 40 visual display units flashing away, with all the electricity consumption that that entails. I also think that there is a timeless element to energy saving, because once we have done it, we have done it—we may need to do a bit

[Frank Dobson]

of maintenance occasionally, but it is done. Any form of energy production that we consider may go out of fashion, or its relative costs may change, whereas the relative gains of energy saving are permanent and continuous.

I am not a recent convert to the idea of energy saving. I can recall that within two or three days of being elected to this place some 30 years ago I had a drink on the Terrace—I have not done that very often since, but that has nothing to do with the particular incident I am describing—and talked to someone who had been a No. 10 adviser to the Callaghan Government. I asked why the Government were not putting more money into energy saving and instead of putting more money into building power stations, to which the response was, "It is so much more difficult to monitor and control that sort of investment, and it is less easy to demonstrate to the public that it is being done." That did not seem to me to be a particularly good answer at the time and it has not become one since.

When I first started working for a living, I worked for the Central Electricity Generating Board, whose chairman at the time was a most distinguished engineer, Sir Christopher Hinton. He was the boss of the generating organisation; he was probably the person who made possible the establishment of nuclear power stations, and he did that by what can only be described as engineering and managerial genius. He also had a great deal of common sense. He used to upset the marketing side of the electricity industry by saying that it was making money out of ridiculously high temperatures in offices. Even at that time—this has grown since—the custom was that everybody went to work and then took off their jacket. He used to say, "I can remember when I was a graduate engineer for the Great Western Railway at its Swindon offices. During the winter we did not just wear a jacket; we put on a jumper or a waistcoat under our coat in order to keep warm." He pointed out that if everybody in an office in Britain did that, we could probably close two 2,000 MW power stations. So we need to examine our own individual behaviour to see whether we could tolerate not being roasted in a hotel, train, plane and so on—it does not matter what example we use. We ought to be pursuing that approach; we ought to try not to consume energy wastefully through our own behaviour, rather than just look at other people's energy saving.

I move on to the other aspects of the Bill, which do involve dilemmas. The microgeneration proposals for dwelling houses and non-domestic land are intended to make it easier to install wind turbines—I call them windmills, because I am so old-fashioned—or air source heat pumps, and I am in favour of doing that. The proposal seeks to make it easier by amending the permitted development controls, and I support that. In relation to the proposal's application to domestic buildings, we need to take care not to end up with someone's wind turbine causing a nuisance to the house next door, the flat upstairs or the flat below. That is not likely to happen where modern, properly installed and continually well-maintained wind turbines are involved, but wind turbines will need to be modern, of a high standard, properly installed and continuously well maintained. I do not know whether they already have a noise rating, but we clearly need to address that issue.

I do not say that because I want to prevent wind turbines from being installed. I want them to be installed and I do not want to be negative about things, but it would be a real setback if some are installed using the general permission only for there to be a tremendous row about a particular incident involving a particular old lady who is being driven mad by the windmill next door. All the enemies of all the green measures that we wish to push for would jump on that, publicise it and gloat, and could set back all the developments that we want to take place.

I note that the Bill's definition of "non-domestic land" for these purposes includes "buildings" and that the proposal would not apply only to rural areas. I am happy about that because my constituency is at the urban end of things, despite containing Primrose Hill, Chalk Farm, Oak village, Elm village and so on. Much more use should be made of non-domestic urban buildings as, in effect, the towers for wind turbines. There is a great deal of scope for wind turbines in urban areas, provided they are not too intrusive on particular parts of the urban landscape. I say that because urban landscapes are just as valuable as rural ones and many of them need to be protected. The source of electricity in some shopping streets could literally be above the shop.

One of the most famous sights in my constituency used to be the gasometers behind St. Pancras station. Some of those have been temporarily demolished, whereas others have gone for ever. Their example prompts me to suggest that a perfectly sound site for wind turbines, and one that would be inoffensive in terms of the urban landscape, would be on top of the new, modern extension of St. Pancras station. We need to take that sort of approach all over our urban areas.

Simon Hughes (North Southwark and Bermondsey) (LD): Obviously I know the site well, and I agree entirely with the right hon. Gentleman's suggestion. Would he be willing to join some of us in speaking to people at Network Rail, which looks after some of the big sites in London? We could suggest several huge railway sites whose use in this regard would be consistent with what goes on at the moment and inoffensive in terms of tradition. They present very good opportunities to get new sorts of energy into the middle of the capital city.

Frank Dobson: As my constituency is the proud possessor of King's Cross, Euston and St. Pancras stations, I have a bit of an interest in major railway stations and the approaches to them. I have already made a suggestion about St. Pancras, King's Cross is being redeveloped and a proposition for the redevelopment of Euston station is rather further back—I am meeting the proponents of that next week and I intend raising this matter then.

One other thing that I should say, if this is not too far off the topic, is that huge swathes of land in my constituency and in other parts of inner London are alienated by having a railway running over them. These railways are sometimes 10 or 20 tracks wide, and I recall that when I was leader of Camden council I got the engineers to look into the possibility of building over the railways as they come into the main line stations. We cannot create any more land, so we must make better use of what we have. Perhaps some sources of new energy could be built into those areas, if what I suggested were to happen.

I come back to my main point about domestic buildings, because I think we need to be very careful about using the general permission approach in respect of non-domestic buildings. We need to ensure that all these things are subject to the consideration of their impact on neighbours, be they commercial and business neighbours or, as is most likely, residential neighbours. That would help to promote microgeneration while also being sensitive to neighbours. It should not be too intensive or intrusive in particular landscapes, whether urban or rural. Instances of microgeneration being unpopular, or being exploited by newspapers and complained about week in week out on the "Today" programme on the BBC, would not help to achieve any of the benefits that we are all hoping for.

On the whole, I very much welcome the Bill. I congratulate the hon. Member for East Surrey on introducing it. I hope that it succeeds and that we can get on to the other measures that are before the House today.

10.21 am

Simon Hughes (North Southwark and Bermondsey) (LD): I wish to take my first opportunity to congratulate you warmly, Mr. Speaker, and wish you all the very best.

I also congratulate the hon. Member for East Surrey (Mr. Ainsworth) on his choice of Bill, his stewardship of it, and his co-operative efforts to get his key objective on to the statute book, which look as though they will succeed.

Mr. Peter Ainsworth: I am grateful to the hon. Gentleman for giving way and I apologise to you, Mr. Speaker, for failing to welcome you to the Chair in my previous remarks, as that was the first time that I have contributed since your elevation. I also apologise for not mentioning the very co-operative assistance that I have received from Liberal Democrat Members on the Bill.

Simon Hughes: The hon. Gentleman is very kind. I know that my hon. Friend the Member for Northavon (Steve Webb), who was doing my job when the Bill was introduced, is happy to be a sponsor, and also that my hon. Friends the Members for Cambridge (David Howarth) and for Cheltenham (Martin Horwood) were happy to serve on the Committee. My hon. Friend the Member for Cambridge is in his place today to ensure that the Bill proceeds satisfactorily today.

I shall be brief, because I made my substantive points on the Bill on Second Reading. My core point is that we will again have a microgeneration strategy for England. That is what we need as part of the energy mix. My vision is of a country where energy is not provided for people by bigger and bigger organisations run across borders with less and less personal control, but instead where we regain personal control of the link between the energy we need and the use that we make of it. The more we can make the link between the person and the provider—between the village, town or community and the provider—the better.

It will be good for this country if people can begin to see that link. It will encourage the sort of initiative mentioned by the right hon. Member for Holborn and St. Pancras (Frank Dobson). If people realise that the wind turbines or solar panels at King's Cross, Euston or St. Pancras—or at London Bridge station in my constituency—provide the heat or energy for their community, they are more likely to be positive about them. Indeed, just outside London Bridge is SELCHP—the South East London Combined Heat and Power plant—which has been there for more than 10 years. It is an incinerator so it is more controversial, but it had the same intention of linking the communities with the production of energy, in what was thought to be the best way at the time. Microgeneration should be part of the energy mix and it should come from individuals and communities as a contribution to the grid.

Mr. Kidney: The hon. Gentleman said "again", so he recognises that we have already had a strategy. He mentions the public face of the strategy, but does he agree that, as I have found in my discussions with the supply chain, people are more confident about investing in their businesses, equipment and the skills of their work force if a strategy is in place?

Simon Hughes: That is true, and I concede that there has been a strategy, but this new strategy will ensure that our efforts do not stop.

The second good thing about the Bill is that it includes dates and deadlines. The first is that the Bill will come into force within two months of the date on which it is passed. That is much shorter than many pieces of legislation, and it is very important. Other deadlines provide that the consultation must begin within six months of the coming into force of the Act and must be published within six months, beginning with the end of the consultation. The only thing that is not specified is the length of the consultation. I ask the Minister to ensure that the Government take as long as necessary for the process to be perceived to be fair, but not so long that it loses momentum. I am sure that they would not want that to happen, but we need a commitment from the Front Bench to keep up the pressure—

Mr. Kidney: To make the obvious point, the Cabinet Office guidelines on consultations are that they should take 12 weeks. We will not truncate the consultation, and nor would we want it to overrun.

Simon Hughes: My third point is about definitions. We had a debate on Second Reading about the phrase "green jobs", which was in the original Bill. The Government were all over the place on that definition at the time. The Prime Minister was promoting green jobs from the Front Bench, but one of his ministerial colleagues said in a parliamentary answer that there was no such thing as a green job, because all jobs were green jobs, so it is probably good that the attempt to define a green job has disappeared from the Bill. My colleagues and I hope that more and more jobs will be genuinely green jobs that provide sustainable solutions to our economic and ecological crisis, but any attempt to limit and circumscribe that definition to certain things to do with the energy industry is probably inappropriate.

The definition that remains in the Bill of "green energy" is not as controversial. Clause 1(1) states:

> "The principal purpose of this Act is to promote green energy."

We all know what we mean by that—at least, we think we do—but the Bill defines it more specifically. We had two small debates about this point in Committee. The Bill defines it as

> "the generation of electricity or heat"—

[Simon Hughes]

the word "heat" was a welcome addition in Committee—

"from renewable or low-carbon sources".

It also contains a capacity limit of 5 MW for electricity and 5 MW thermal for heat. I am happy with that definition for the purposes of the Bill, but I would not want to think that that would be the final word on the definition of green energy. My hon. Friend the Member for Cheltenham made the point in Committee that some of us do not think that nuclear energy is the green energy that others may think it is. Energy produced in such a hugely complicated and technological way is not green energy. I do not want to open the Pandora's box of that debate today, but I make the point that the definition in the Bill works well. We are talking about small schemes in this instance, but I hope that when we have other debates on strategy for energy policy generally we can look at what we mean by green energy and reach common agreement.

Mr. Peter Ainsworth: As the hon. Gentleman knows, there is no such thing as small-scale nuclear energy generation.

Simon Hughes: I do know that, and I read that the hon. Gentleman made that point in Committee—

Frank Dobson: Tactical nuclear power stations!

Simon Hughes: That could be a new strategy to try to gain friends and influence people by the nuclear industry—*[Laughter.]*

To complete my words on the definition, it is good that as well as the Bill's principal purpose of promoting green energy it retains two other objectives: the desirability of alleviating fuel poverty—that point was mentioned by the right hon. Member for Holborn and St. Pancras in the context of his constituency and it is also a big issue in mine—and the desirability of securing a diverse and viable long-term energy supply. Those two objectives are properly retained, and I am very pleased about that.

May I add my usual rider? I am never sure that fuel poverty is the right phrase—it is not what people talk about on the Caledonian road, the Old Kent road or in the villages of Staffordshire or Surrey. We need to talk about warm homes if we mean warm homes and we need to use phrases in this debate, as far as possible, that people can relate to and that are understandable.

Finally, I note that two parts of the Bill have disappeared, and I lament their passing. One has been referred to and one has not. We have lost the good but controversial proposal—described in Committee as radical or revolutionary—to offer people an incentive to have green energy at home: introducing microgeneration or energy efficiency measures would affect what occupiers paid in council tax. Obviously, my hon. Friends and I are not supporters of council tax as a method of paying for local government services, but there will always be a method of some sort and we think that, if that method is attached to the property, there should be ways of incentivising people to ensure that they see the benefit of such a move. I am sad that that provision has gone, but the issue will not go away and will come back elsewhere.

The other provision that disappeared in Committee was the requirement that in updating the microgeneration strategy the Secretary of State should at least consider financial and fiscal measures. I hope that the Minister can reassure the House that such measures will at least be considered as part of the process of updating the strategy. Carrots and sticks are always important as we change people's culture and behaviour, and financial and fiscal carrots and sticks are probably the most useful things that the Government can introduce. We all respond positively to financial and fiscal incentives and the Government have the mechanisms to introduce them. They know that they use them in every Budget and regularly at other times.

I do not want to go on further. This is an important Bill and I am sure that the House of Lords will be keen to ensure that it continues its passage and becomes law in this Session. We have two very important green Bills on our agenda this morning. My right hon. Friend the Member for Ross, Skye and Lochaber (Mr. Kennedy) is waiting patiently to propose his, and we look forward to that. We could do very good work if the Government responded positively to both of the Bills. I know that they will respond positively to this Bill; I am not so clear about whether they will be quite as positive about my right hon. Friend's Bill. I hope that they can be persuaded.

This Bill has been a piece of very good work. The hon. Member for East Surrey is to be commended and we all wish him and his Bill well. It will make a difference to the energy sources in this country, to people's engagement with the production of energy and to the response to the terrible risks to the climate about which we increasingly know.

10.33 am

Gregory Barker (Bexhill and Battle) (Con): It is a pleasure to follow the thoughtful and interesting speeches of the right hon. Member for Holborn and St. Pancras (Frank Dobson) and the hon. Member for North Southwark and Bermondsey (Simon Hughes). The right hon. Gentleman was absolutely spot on; he made the point about the absolute imperative of energy saving extremely well. In the 21st century, energy saving is the great no-brainer, but we need to provide greater leadership and incentives for people to grasp the energy saving agenda. However, that is business for another day.

I am delighted to be welcoming the Bill back to this Chamber for Third Reading. I congratulate my hon. Friend the Member for East Surrey (Mr. Ainsworth) on his not inconsiderable achievement in bringing this important Bill so far. I am sure that his delightful, intelligent and responsible constituents will be extremely proud of the measure.

I am also pleased that for a second year running those on our Benches have produced an ambitious and progressive Bill which will drive forward the climate change agenda. The green energy and microgeneration agenda lies at the heart of the new Conservative vision for a low-carbon Britain. It also proves that even in opposition there is the opportunity to make a real difference.

It is a testament to the importance and substance of the Bill as well as to the skills deployed by my hon. Friend that he has been able to attract such a wide degree of bipartisan support, as reflected in the cross-party

support of a number of Members whom he has gathered. That is more important on this issue than on almost any other. Climate change calls for a new form of responsible politics and it is critical that we embrace bipartisan politics and consensus where possible, not because it makes the passage of any one Bill any easier but because of the very important signals that such consensus sends to the outside world. It not only shows our determination to tackle this agenda but sends out a critical message about long-term direction and strategy to the capital markets.

The Bill hints at the huge scale of investment, the larger part of which will come from the private sector, that will be required to transform our economy over the next decade, not in a piecemeal or step-by-step way but in an almost revolutionary way. It is vital that we in this House act responsibly in giving that long-term direction to the capital markets, the private sector and large and small investors so that they can have faith and confidence in the agenda, which will outlive any Government, any Parliament or any party leader. It is something that Britain plc is determined to see through and it will outlive all of us.

I am pleased that despite major changes to its wording the Bill that went into Committee has for the most part been preserved. The changes in Committee were mostly constructive in clarifying and strengthening the Bill's intent. I support efforts made by the Minister and his officials to bring the definitions and language of the Bill into line with its parent legislation, the Energy Act 2004. Indeed, it is appropriate that a Bill concerned in part with definitions should have been improved by amendments that reinforce the use of terms such as "renewable or low-carbon source", which not so long ago were poorly understood and vague and are now part of the established vocabulary of climate change legislation in this country. I am also pleased that the Minister made allowances in Committee to include heat in the Bill. Heat makes up more than half of UK carbon emissions, and measures to promote low-carbon, small-scale heating will be an important part of rising to the significant challenge of decarbonising our heat supply.

I followed with interest the record of the Committee's proceedings, particularly the confusion over the feed-in tariff cap for combined heat and power. My hon. Friend the Member for Wealden (Charles Hendry) was typically perceptive in his questioning and both his point and the Minister's response satisfy my concerns over the apparent contradictions between this Bill and the energy legislation over the level of the cap.

Mr. Kidney: I agree with the hon. Gentleman's comments about the hon. Member for Wealden (Charles Hendry), who was very perceptive in Committee. Has the hon. Member for Bexhill and Battle (Gregory Barker) seen the letter that my hon. Friend the Minister of State sent to the hon. Member for Wealden to clarify that point afterwards?

Gregory Barker: I have indeed; I have it beside me, in fact.

As I said on Second Reading, in promoting local energy economies and facilitating the permitted development of low-carbon solutions this Bill will do much to empower smaller generators of power, whether those generators are households, businesses, communities or community-based organisations.

The tackling of the issue of permitted development is particularly timely, as for too long there has been a lack of consistency between words and action on the ground. Permitted sound levels for air source heat pumps and small wind turbines have caused a great deal of confusion and anger in the industry, with some small entrepreneurial firms brought to the edge of bankruptcy by delays and confusion in decision making. Ultimately, I hope, the Bill will help the Government to join up their thinking on microgeneration and ensure that there is an impact out there in the real world.

Simon Hughes: After the Bill has achieved Royal Assent, as I hope that it will, one thing that the hon. Gentleman might do, possibly with the help of the hon. Member for East Surrey (Mr. Ainsworth), is ensure that those farmers, landowners and householders who have had frustrating experiences in trying to develop their new energy sources can come together and share them, so that Ministers can really respond, particularly as they change the planning regulations.

Gregory Barker: It is an excellent idea that we should share experiences, because there are a lot of individuals—I have them in my constituency—who just do not seem to be able to get through the tangle of rules, yet they are trying to respond to the national agenda. I would be happy to work with the hon. Member for North Southwark and Bermondsey on that.

As I say, ultimately, the Bill will help to join things up, and will cut through the tangle of legislation with new purpose. Meaningful consultation with stakeholders in non-governmental organisations and the industry is required in any microgeneration strategy, and conversations will need to be had between officials in the Department of Energy and Climate Change and those in the Department for Communities and Local Government to ensure that pre-permitting is fair. That will give a much-needed boost to our deployment of small-scale low-carbon technologies, many of which are still in their infancy but show real signs of potential. They are being spurred on by the new surge of innovation that is coming through as we start to develop in earnest a low-carbon energy economy. To that end, I ask the Minister to consult on fiscal and financial measures in drawing up the strategy. He will correct me if I am wrong, but I think that it was clause 4(3)(b) that was removed in Committee. I ask him for reassurance that, although that provision is no longer in the Bill, fiscal and financial measures will be an important part of his consultation.

I should like to finish by acknowledging, as did my hon. Friend the Member for East Surrey, the extraordinary force for change that is Ron Bailey and his team. I also thank the officials who have done so much to bring the Bill into line with other relevant legislation while maintaining its obvious powers, and colleagues on both sides of the House who have supported and endorsed the Bill in the Chamber and in Committee.

10.42 am

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): May I start, as everybody else has done, by congratulating the hon. Member for East Surrey (Mr. Ainsworth) on his choice of subject, which is a perfectly good one, as we have found in this good debate? The Bill is well supported in every part of the House. I also congratulate him on his

[Mr. David Kidney]

persistence in ensuring that it got this far—I hope that it will go all the way to the statute book in the not-too-distant future—and on his co-operative approach. He does not just say that such issues need cross-party co-operation; he demonstrates it by his behaviour.

As the hon. Gentleman acknowledged in answering an intervention of mine, he had good relations with the previous two Ministers responsible for handling his Bill. When the Minister of State, Department of Health, my right hon. and learned Friend the Member for North Warwickshire (Mr. O'Brien), was a Minister at the Department of Energy and Climate Change, he had a meeting with the hon. Gentleman. At the time, it was not entirely clear to the Minister from the advice that he was receiving that he should support the Bill, but he and the hon. Gentleman together saw the value of it as a vehicle for promoting microgeneration more widely in this country. My right hon. and learned Friend made a difference, thanks to his meeting with the hon. Gentleman.

When my right hon. and learned Friend moved on to other business, my hon. Friend the present Minister of State, Department of Energy and Climate Change took over. She conducted the Bill through the Committee. The slight thing that I have done to assist so far is to secure the money resolution for any expenditure that will be needed to put the Bill into effect practically. She worked hard with the hon. Gentleman on the amendments that made the Bill acceptable to the Government and, as we have heard, to the House. The hon. Member for Bexhill and Battle (Gregory Barker) acknowledged that most of the amendments in Committee were constructive and have improved the Bill, and that is pleasing for all of us.

I think that my two predecessors would agree that it is a pleasure working with the hon. Member for East Surrey—a pleasure that I have enjoyed for many years in other settings before recently becoming a Minister. I should like to join others in paying tribute to all the members of the Public Bill Committee for the constructive and helpful discussions that characterised their debates in Committee on this important Bill.

Mr. Peter Ainsworth: I am blushing horribly at the Minister's kind remarks, for which I am very grateful. He will be aware that the process is not over yet; the Bill now has to go to another place. He will also be aware that there appear to be some timing problems in the other place, regarding when it can consider the Bill. I hope that he and his colleagues will do all that they can to get it listed for debate in the other place on 10 July, because if the debate does not happen then, there is a risk that the Bill, which everybody seems to support so strongly, will fail to get into the final harbour and on to the statute book.

Mr. Kidney: The hon. Gentleman pre-empts a point that I would have liked to have made later. I will make it now instead. I anticipate, from all that has been said so far, that the Bill will be agreed to by the House today, which is welcome. It will go to the other place, where it will need some time, as he says, in order to be agreed to there, too. The Bill has had the detailed debate, consideration and scrutiny that will, I hope, satisfy Members of the other place that it needs very little additional attention at their end of Parliament. I hope that they will not take too long over it. I am conscious, as he is, that there is some pressure on the time that can be given to the Bill in the other place, especially before the summer recess. Clearly, if it has to start its passage there in the autumn, it will have limited time in which to get through all its stages there. Members of the ministerial team in my Department are conscious of those difficulties, and we will do all that we can to ensure that it has a safe passage through the other place and becomes an Act of Parliament in the autumn; that is what we want to happen.

The Green Energy (Definition and Promotion) Bill represents an excellent opportunity for us to build on the solid foundation of the Government's ongoing support for small-scale on-site low-carbon and renewable energy generation. Part of that makes clear the Government's ongoing support for microgeneration. That support has developed as a result of actions included in the Government's current microgeneration strategy, a point that I raised with the hon. Member for North Southwark and Bermondsey (Simon Hughes).

The Government see an important role for microgeneration installations, which are small-scale on-site energy technologies. Microgeneration, such as small-scale heat pumps in local community halls, can engage and interest communities in generating their own energy. It can also help us, as a nation, to tackle climate change and achieve energy security. I am pleased to say that the Government are continuing that impetus by maintaining their strong support for the Bill as amended in Committee.

We talk about microgeneration in the abstract, and in the legal terms of definitions, but it actually makes a difference in people's homes and communities, as I have seen in my constituency. I recall visiting a man, in his cottage in a conservation area, who had installed solar thermal in the roof of his property. He was confident that he was making a difference to his energy bills, and contributing to tackling climate change. Of course, he was a member of a community. All his neighbours saw what he had done, and hopefully will be willing to follow his example. To digress for a second on to the subject of permitted development rights, which I shall talk about later, he put in his installation before there was general permission to do so, so he had to go through the planning process. As he was in a conservation area, he also needed consent. It is important to point out that the Bill retains the ability of local authorities to impose limitations and conditions in certain circumstances, such as those where the property is in a conservation area. That way, they can ensure that character is not damaged in pursuit of a fine objective, such as tackling climate change or lowering people's energy bills.

Simon Hughes: I welcome the Minister to his responsibilities. Will he agree to meet, at some time convenient to him, the sponsor of the Bill, the hon. Member for East Surrey (Mr. Ainsworth), the hon. Member for Bexhill and Battle (Gregory Barker) and me so that we can provide examples of people whose proposals, possibly including some that might apply in national parks, would not offend the wider conservation interest, but who have struggled to get through the system, so that we can achieve the best possible process, both in special areas—conservation areas and others—and generally?

Mr. Kidney: The hon. Gentleman knows that I am a new Minister, so I am very much in meeting mode. How could I resist such a polite request to meet people with an interest that I share personally to discuss such issues? We will make arrangements for that to happen in due course.

I want to mention one or two of my own experiences which show the practical support that exists for microgeneration, which we need to tap into as a result of the Bill. I want to describe the day I climbed on to the roof of my local school, King Edward VI high school—as I am mentioning that, I should declare an interest: both my son and my daughter went to that school. It had installed a solar thermal installation on its roof to contribute to the heating of the school's water. The people at the school were very proud of the installation, because it immediately provided a reliable source of energy and they saw a reduction in heating costs. They wanted me to come to the roof of their building to celebrate their success with them.

The point about a school having a microgeneration installation is that it is educative in the general sense. The entire school population every day was seeing and benefiting from that installation, so when my right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson) talks about having microgeneration installations in public places such as railway stations, I thoroughly agree with that suggestion because of the educative effect, in addition to all the other benefits, that such public sitings can provide.

Another example that I shall give from my experiences of microgeneration installations—yet again a solar thermal installation—is at the Staffordshire wildlife trust in its headquarters in the beautiful rural location of Wolseley Bridge, just outside Stafford. With the help of the industry, which wanted a public display of its technology, and with the help of a grant under the low-carbon buildings programme, the trust was able to have both the installation and install a real-time meter in the entrance to its premises. There was an interpretation board next to the real-time meter to provide an explanation to the thousands of visitors who come to the centre every year so that they could see and learn more about microgeneration installations. That is a good example of educating a much wider audience than the people who benefit directly from the installation.

In case the House thinks that the only thing I can talk about is the Stafford constituency, brilliant though that constituency is, I want to draw attention briefly to the Sustainable Development Commission's latest report, "Sustainable Development in Government 2008", which contains a marvellous photograph of the Foreign and Commonwealth Office's Wiston House. It is a beautiful building, in a beautiful location in a rural setting, but the importance of the photograph is in the forefront—the biomass boiler fuelled with woodchip taken from the surrounding woodland, giving a carbon saving of 160 tonnes per year. I know that hon. Members would say the Government should go further and faster, but that is one instance of the Government setting an example and demonstrating the benefits of microgeneration installations.

I do not need to remind hon. Members of the difficult economic times that we face at national and global levels. While Governments must deal with the problems and consequences of the global recession, we must also bear in mind that, at this point in history, there can be no relaxation of our need to focus on the importance of sustaining our individual, national and global efforts to tackle the major challenge facing us all—climate change. We cannot shelve the issue until we have steered our way out of the economic downturn. Mañana is not the time to tackle it. Tomorrow will be too late.

The Stern review demonstrated that the costs of responding to unchecked climate change are incomparably higher than the costs of taking action to combat it now. The review also estimated that the economic and environmental costs of a failure to act could be as much as 20 per cent. of GDP or even more.

The current glorious weather in Wimbledon week seems to improve the quality of life in the British isles, but the current unusual health warnings may well foreshadow similar warnings in the summers of 2030, 2050 or 2080. Children born now will have to endure these and other extreme events as a result of changing weather patterns. They will be only 40 years of age in 2050, by which time we need to have reduced our carbon emissions by 80 per cent.

Mr. Peter Ainsworth: It has been glorious weather for Wimbledon, although probably rather too hot. I am told that the temperature in central London yesterday hit 32° C. Meanwhile, in other parts of the country there has been torrential rain and flooding. Is that not entirely consistent with what the scientists have been telling us for a long time about the likely effects of climate change?

Mr. Kidney: Of course, with my new responsibility for fuel poverty, I have learned a great deal more about excess winter deaths—the increased number of people who die in the winter months because of the cold—yet recently we had a summer when there were excess summer deaths because of a heat wave that was outside the norm. I agree that the evidence before our very eyes is quickly catching up with what the scientists have warned us about for many years. It must be increasingly difficult for the few deniers of climate change and its causes to maintain their opposition.

We must not be lured into excuses or slacken the pace at this crucial point. DEFRA recently released the UK climate projections, which give climate information for the UK up to the end of the century. The projections are based on a new Met Office methodology. It allows a measure of the uncertainty in future climate projections to be included in the information, but that element of uncertainty only covers a range of negative scenarios, not the possibility that climate change is not happening at all—a point reinforced by the hon. Gentleman.

Almost all climate scientists agree that the climate is changing and that that is due to man-made climate change, caused mainly by an increase in emissions of human-made greenhouse gases, such as carbon dioxide from burning coal and oil. I am informed that the Met Office has graphically described it as heading into a change of temperature equivalent to

"the opposite of an Ice Age".

Changes of this magnitude normally take thousands of years to develop, but in this case have taken just over 100 years. I hope hon. Members will agree that this is no time to downgrade climate change from being the leading challenge facing humanity today. Everyone who contributed to the debate had that as their unspoken text and motivation for their support for the Bill.

Frank Dobson: Would it not be difficult for anybody to deny that some amount of climate change is taking place? Most people believe that humanity is contributing to that, but even those who do not believe that ought to accept that it is extremely stupid of us to waste the carbon-based energy supplies, which are clearly limited, particularly oil and gas.

Mr. Kidney: I served on the Joint Committee of both Houses that carried out the pre-legislative scrutiny of the Climate Change Bill. We had evidence from Lord Lawson, who is one of those who would say that there are other causes of climate change, it will not all go in one direction endlessly and we have no reason to worry. I agree with my right hon. Friend that that is a very dangerous attitude to take on many levels.

My right hon. Friend mentions carbon-based fuels running out. We probably still have centuries of coal supplies. It is an expanding source of energy, particularly in developing countries, and it is urgent that we tackle the emissions that come from burning fossil fuels. However, as he says, it is so pressing, demanding and obvious that we should follow a precautionary approach and take the actions that we are describing here and in other forums. They are the right actions to take if we are to ensure that the world does not get into the dangerous circumstances that scientists say will otherwise prevail later this century.

Mr. Peter Ainsworth: The Minister makes an extremely important point. Whatever anyone's views about climate change, does he not agree that we should have been promoting resource efficiency and energy efficiency anyway, and that in the developed west we have scandalously neglected those things for far too long? Dealing with those issues presents an enormous opportunity for good in the future.

Mr. Kidney: I agree. This is a fascinating discussion, although we are in danger of going a long way from the Bill. The hon. Gentleman's point is important for two reasons. First, there is the great unspoken issue of population growth; there are already more than 6 billion people in the world, and some say that by the middle of this century, there will be 9 billion. In that context, resource efficiency is an important subject. Secondly, to be a little selfish for my own country, as we are all entitled to be, there will be skills and technologies from which we can benefit if we are more resource-efficient in future. Britain could be at the forefront of finding the technologies for low-carbon and renewable energy sources and benefit from immense trade in those technologies. There is every good reason for us to be resource-efficient.

I want to respond to one or two points made by the hon. Gentleman, and I shall answer the question that he asked me. He said that taking his Bill so far had been a privilege and a pleasure. I wondered about his use of the word "pleasure"; perhaps tonight, as he looks back on his Bill's successful passage, he will feel a lot more pleased than he does now in listening to me drone on in support of it. I was pleased that he recognised how the Government had co-operated with him during its passage.

My two predecessors have been models of co-operation with the hon. Gentleman. I learned the secret of his success in getting this far when my hon. Friend the Member for Hendon (Mr. Dismore) popped up and reminded us that he is a sponsor of the Bill. Recruiting him was a shrewd and clever move on the part of the hon. Gentleman.

I am also glad that the hon. Gentleman has recognised the contribution made by the civil servants. I am new to my post and have been with the civil servants for only a short time, but I, too, have been impressed by the commitment and dedication evident in their assistance to me and the House in getting the Bill into good order. Who could not join in the praise for Ron Bailey? I would not describe him as a scourge, but as a friend of the family to Parliament because of his work over many long years in pushing us along the route on which we should have been anyway. I am glad that he has been able to contribute to the hon. Gentleman's success today.

The hon. Gentleman mentioned that raising the heat capacity limit for microgeneration to 300 kW would benefit community projects, and I agree. The Government's entire intention was to see many more of the kind of community projects that I described—in schools, in wildlife trust centres and community centres. As well as being of public benefit in themselves, such projects are educative and mean that people learn more about microgeneration.

The hon. Gentleman also spoke about behavioural change. If he does not mind, I shall not follow his comments about chimpanzees; I shall merely say that he is right in saying that the policies have to be right if behaviour is to change. He mentioned that incentives should be a part of policy, and I agree—but only one among many parts. In a green revolution, regulation is an important part of the whole package. The hon. Member for Bexhill and Battle spoke, as I will later, about the need for investment in the sector. Strong, clear lasting regulation gives confidence to people so that they can make those investment decisions, so regulation is important, as well as incentives.

Investment is also important. As the hon. Member for Bexhill and Battle said, a lot comes from the private sector, but the public sector is also involved, especially when there is a need to pump-prime or kick-start projects when they begin. Some technologies would not have gone far without some public support and investment; now they are more established and look like making lasting contributions to our future strategy. As several hon. Members have said, sticks are important as well as carrots, and some of those sticks should be fiscal. I agree with all that.

My last example of the right policy relates to the setting of examples: we should ask people to do as we do, not as we say. If lights are on in Departments at night, that will be a bad signal to people; a biomass boiler at Wiston House, however, is a good signal.

Finally, I come to the question that the hon. Member for East Surrey asked about micro-hydro. In Committee and on Second Reading, there was pressure in favour of micro-hydro being included in the Bill's extension of the permitted development rights, but the Government resisted that pressure. In Committee, my hon. Friend the Minister of State announced that there would be a review of the consent and licensing system for all hydro projects. As the hon. Gentleman demonstrated during the short debate on the night when I moved the money resolution, he knows that there are some difficult issues with micro-hydro, mainly because there is only one system for

consents and licensing. It applies to every hydro project, however small or large. As a scheme could be very large, the system is complex and demanding. I can see that going through that process would be a great deterrent for somebody proposing a micro-hydro scheme. I am pleased that my hon. Friend announced to the Committee that there will be a review of the system to see whether we can come up with a second system for micro-hydro that will streamline the process and make things quick and easy for people who want to suggest good microgeneration projects that include a component of hydro.

The hon. Gentleman asked me to give some detail about the review. It will be carried out by the Environment Agency, which administrates the existing scheme. It has a time limit of one year to complete the review, to stay inside the time scale of this Bill in respect of the review of the microgeneration strategy. I hope that everything will come together for micro-hydro in a year's time. That is my wish.

My right hon. Friend the Member for Holborn and St. Pancras made an important point about the contribution that saving energy makes to tackling climate change and ensuring security of supply. He said that the issue should not be underestimated, and it is certainly not underestimated by the Government or the hon. Member for East Surrey. Energy saving is specifically referred to in the Bill. My right hon. Friend is absolutely right to say that it can cut costs for individuals. The Government estimate is that most people could save about £300 a year on their energy bills if they made their homes as energy efficient as possible. As he said, if we promote energy saving as an industry, that will create jobs in the supply chain. I am keen for that to happen, because one of my areas of responsibility relates to skills in the low-carbon economy, and I am keen to see an expansion of jobs—highly skilled and well-paid jobs—in the sector. That is my ambition.

My right hon. Friend also mentioned those who do not have the money to keep themselves warm in their homes. He said that the worst-off families and pensioners often live in the worst-insulated homes. That is why there is a fuel poverty strategy in this country. It has been going off-target in recent years because of high rises in fuel costs, so it is being reviewed this year. It is a sobering thought that many people in this country die in the winter months partly because of extreme cold from which they are unable to protect themselves in their homes. Last year, the figure amounted to 25,000 individuals, a statistic that should make us all determined to put energy efficiency at the top of our list of priorities.

My right hon. Friend observed that the more we can promote microgeneration technologies, the greater the likelihood that their costs will fall, which will put them within the reach of more people and more businesses, and therefore promote further take-up of microgeneration—a virtuous circle that all of us in the House want to achieve. When he went on to mention that a lot of businesses do not take up energy efficiency measures, he reminded me to say that in the Energy Saving Trust we have an excellent, trusted organisation that can give advice to domestic householders about energy efficiency measures. I would argue equally that we have an excellent, skilled organisation in the Carbon Trust, which gives similar advice to the owners of non-domestic business properties. I would urge any business that is wondering what to do about energy efficiency measures and what help there is for [illegible]g it to contact the Carbon Trust if they have not already done so.

My right hon. Friend noted that there is great waste in over-heating and over-lighting properties. At that point, I was reminded to state my message that Departments should also turn their lights off at night. The sustainable operations on the Government estate targets, which are monitored by the Sustainable Development Commission, help to ensure that Government set a good example; I am anxious that that is what we should do.

My right hon. Friend said that when he worked in the power sector, the boss, rubbing his hands, said that they made a lot of money out of the over-heating of premises. That reminded me of the importance of trying to incentivise energy companies to help people to make energy savings instead of simply promoting greater sales of their products.

Frank Dobson: I would not like my hon. Friend to misinterpret what I said as meaning that the great Sir Christopher Hinton rubbed his hands with glee. He thought that it was absolutely stupid that the country was building two power stations so that people could take their jackets off at work. Indeed, he used to cause terrible offence to people selling electricity by insisting on having gas-fired central heating at home because he thought it was more efficient.

Mr. Kidney: I am grateful to my right hon. Friend for that useful clarification. The attitude that he describes feeds into today's carbon emissions reduction target programme, whereby energy companies make a great commitment to helping customers to make energy savings in order to cut their bills. That is the kind of approach for the future that the Government want to encourage.

My right hon. Friend made an important point, which was not much taken up on the Liberal Democrat Benches, about the potential effect on neighbours of the installation of new micro wind turbines and air source heat pumps. One person's benefit can be a neighbour's nuisance, and it is important for us to ensure that we avoid any negative developments from what is a very good policy. That is why when the Government extended permitted development rights for many microgeneration technologies last year, further time was taken on micro wind and air source heat pumps in order to ensure that we got right issues such as noise and vibration and did everything possible to minimise the effect on neighbours so as not to attract negative publicity that would harm the cause of promoting greater microgeneration.

Frank Dobson: I am sorry to interrupt my hon. Friend in mid-flow.

It is likely that a wind turbine or an air source heat pump will be quiet and not vibrate much when it is first installed; the big problem is whether there will be high-quality maintenance. A car that is fairly quiet eventually turns into an old banger, and it is called that because it makes a lot more noise. We must try to ensure that there is sufficiently good maintenance so that a wind turbine does not become an old rattler that used not to be offensive but becomes so as the years go by.

Mr. Kidney: I am grateful to my right hon. Friend. I was about to remind the House that the Bill permits there to be limitations and conditions on permitted development rights. I am not aware that we were planning

[Mr. Kidney]

to suggest that there should be a condition about regular maintenance, but certainly the advice and guidance would say that that is good practice. Today's modern designs do everything possible to minimise the risk of excessive noise and vibration. The time since the relaxations were introduced last year has been well used in terms of Government consideration and consultation about noise levels that might be acceptable to neighbours. I hope that when we come to make decisions about the precise detail of these permitted development rights we will strike the right balance between satisfying neighbours and those who want to install the technologies.

I am delighted that my right hon. Friend drew our attention to railway stations. I had forgotten that he had three such great ones on his patch—St. Pancras, King's Cross and Euston. I wish him the best of success next week in his meeting on Euston in terms of ensuring that microgeneration is taken into account as part of the design of the project for the refurbishment of that station, which I visit every week on my way to and from Parliament and my Stafford constituency. I agree that it would be a delight to see examples of microgeneration technologies at our major railway stations across London, always taking account, as he says, of preserving the urban landscape, which is just as important to this country as its rural landscape. His warning to us to get this right so that we do not have public misunderstanding and negative reporting by the media of microgeneration is an important one to act on after today. We want the media to join us in promoting microgeneration as something that is positively beneficial to householders and business owners, and to the wider aims of tackling climate change and ensuring energy security in this country.

Mr. Peter Ainsworth: I have said on every occasion when it has been possible to do so that I am certainly not in favour of a free-for-all in micro power that causes a nuisance. That is not the purpose of the Bill, and there are safeguards built into it. The Minister may wish to confirm that when consulting on any proposals to do with microgeneration in domestic properties, a noise limit of 45 dB from the nearest window of a habitation will be taken as a benchmark. I hope that that will provide enough of a safeguard during the consultation period for the Government to satisfy themselves that an installation will not cause a nuisance.

Mr. Kidney: I am grateful to the hon. Gentleman. I certainly exonerate him from any suggestion that he is gung-ho about installing microgeneration anywhere at any time; of course, he has been extremely responsible, as are the Government. I am merely saying that we should continue to balance possible conflicting interests to ensure that we stay on the right side of the public and maintain their support. The limit that he mentioned is indeed the Government's thinking in terms of the permitted development right for wind turbines and air source heat pumps. A further reassurance that he did not mention—I will do so in order to join him in saying how responsible his attitude is—is that the whole thing will be reviewed after two years to ensure that it is attracting public support and that there are no areas that need any extra attention. We are all doing the best we can to ensure that this is an entirely positive experience for people.

The hon. Member for North Southwark and Bermondsey agreed that the strategy for England, which will be the second one, gives confidence, and stressed the importance of that confidence to the public at large. That is an important subject as we try to attract more and more people's attention towards considering microgeneration. I join him in that view and add the importance of giving confidence to those in the supply chain that provides microgeneration technology, be they manufacturers, sellers or installers. I am keen that we have a healthy supply chain with the confidence to invest in its business, its equipment and the skills of its work force because it knows that a lasting and sensible strategy is in place.

The hon. Gentleman is pleased that there are dates and deadlines. I suppose that as a Minister I should not be so pleased, but I assure him that I am determined to keep to them. I look forward to meeting them in future. He mentioned the loss of the definition of "green jobs" from the Bill and described the conceptual difficulty that people have with the term. I attended the launch yesterday of a document jointly produced by British Gas and the GMB trade union called "Green Collar Britain". That is a good way of looking at jobs in the environmental industry, as people can identify with the idea of green-collar jobs. We already have more than 800,000 jobs that exist because of trade in green goods and services, which is worth more than £107 billion a year to this country. As a country and as a Government, we want to capitalise on that success and create more jobs and more wealth in environmental industries.

The hon. Gentleman made a point about the capacity limits in the Bill. The hon. Member for Bexhill and Battle reminded us that there had been a teeny bit of confusion at one point in Committee about how the different definitions in the Energy Act 2004, earlier electricity legislation, and the Bill would mesh together. As he said, however, we have now established that they are perfectly compatible and mostly desirable.

In an ideal world for the Government, we would try to leave specific capacity limits out of primary legislation, because we never know how things will turn out in future. However, they started to appear in primary legislation back in the 1980s, and there were some in the 2004 Act, so we are where we are. I am pleased that we have established the relationship between the definition of green energy, the limits for future feed-in tariffs and what is meant by microgeneration, and we can all work with the limits that we have for the time being. I noticed the touchiness on the Liberal Democrat Benches about nuclear power, but for today we will pass quickly over that.

I agree with the hon. Member for North Southwark and Bermondsey about the language of fuel poverty. I am the Minister for tackling fuel poverty, and I am charged with a target of eradicating it in this country by 2016, which is an immense responsibility. I agree that the public might be more engaged with the debate if we talked more about warm homes. As a member of the all-party warm homes group I am familiar with that term, which is a positive one to engage people in dialogue. I am with him on the importance of using that language.

I understand why hon. Members were disappointed to lose the points about council tax and non-domestic rates from the Bill. In Committee, my ministerial colleague

gave a detailed explanation of why each was unattractive to the Government, and I have nothing to add to that. The hon. Gentleman asked me about fiscal measures, and I was also asked about future consultations on such measures. I am certainly willing to say that the Government keep all fiscal measures under review, and consultations are planned quite soon on feed-in tariffs, for example. There will be further discussions, and who knows, perhaps when I meet him and the hon. Member for East Surrey we can touch on that subject.

The hon. Member for Bexhill and Battle stressed the importance of energy efficiency. We all agree about that, which is why it is important that it appear in the Bill, as it does in the Government's thinking about how to improve our energy security and tackle fuel poverty. Like myself, he stresses the importance of giving people confidence to invest in the technologies in question, which is why long-term strategies and firm regulation that gives the market clear signals are very important for the future. Like him, I am pleased that we are making good headway on the subject of heat. He is right that although we have begun the march towards getting much more of our electricity from renewable energy, it will be a much longer march to decarbonise heat. That is an important priority for us.

The hon. Gentleman was keen to stress that we should make much more use of permitted development rights. That is a good point, subject to the warning from my right hon. Friend the Member for Holborn and St. Pancras that we should be considerate of our neighbours in this matter, as in every other, and that we should be wary of losing public support by going too far too quickly.

The hon. Member for Bexhill and Battle also asked me to confirm that we will consult on fiscal measures. I have given the example that there would soon be consultation on feed-in tariffs, and I am sure that each step of the way as we consider other fiscal measures, we will want to consult hon. Members and all the organisations that he mentioned.

I turn to my own contribution to the debate. Met Office projections demonstrate that changes that sound small, such as a 2° C global temperature rise, will actually have serious impacts on the whole world through rising sea levels and extreme events such as droughts, hurricanes and floods, leading to disruption—*[Interruption.]* Hon. Members really should pay attention. This is very serious stuff. It will lead to disruption to natural and man-made habitats. Many communities across the UK will struggle to cope with the effects of warmer summers and wetter winters. The resulting disruption to their homes and lives will be the physical consequences of doing nothing now, and of failing to get an international agreement at Copenhagen.

In the absence of effective international effort, greenhouse gas emissions will continue to grow rapidly over the coming decades. On current projections, that will result in warming of between 1.7° C and 4° C by 2100. Rising temperatures will cause a range of stresses to our planet, causing radical changes to rainfall patterns; water shortages; loss of glaciers; loss of agricultural land; and extreme weather events of increasing frequency. We have seen in the dramatic flooding in the UK in recent times, which caused social upheaval and severe economic effects in flooded towns all over the country, how easily such weather events cause chaos. We have also seen how much it costs to tackle and remedy them. Stern was undoubtedly right about the costs of not acting.

Those are some of the reasons why the Government and Parliament have committed to cutting greenhouse gas emissions by 80 per cent. by 2050. We are not suggesting that reaching that target will be easy. It will require radical action, and we will need to roll out cost-effective quick wins such as insulation. We will also need to decarbonise the supply of electricity and heat, which we cannot live without. The challenge is clear when we consider, for example, that space heating accounts for 47 per cent. of our overall carbon emissions. In that context, it is critical to encourage renewable heat technologies.

As hon. Members know, microgeneration technologies are varied. They can deliver both renewable electricity, through micro-wind, photovoltaics and micro-hydro generation, and renewable heat through heat pumps, biomass and hopefully in future micro fuel cells. Microgeneration can help us contribute towards our 2050 target of reducing our emissions by 80 per cent. It can also help communities and householders work together to tackle the damaging effects of climate change, and it has the potential to increase the diversity as well as the security of UK energy supplies. In many cases, fitting microgeneration will help us to be aware that we must use energy more efficiently.

In the shorter term, those technologies, some of which are mature already and some of which are still developing, have the potential to help us meet our EU 2020 targets on renewable energy. We all know that those are challenging targets, which require a significant increase in renewable generating capacity. Indeed, we will need no less than a tenfold increase in renewables, which is a very daunting prospect. Our recent domestic supplies of gas and oil have come from domestic sources, putting our starting point for renewables behind that of many other EU countries. That is one more reason for supporting the Bill, which represents a second push towards reaching the microgeneration levels that will make a serious contribution to our 2020 targets.

We have already put in place an energy strategy to generate a baseload from technologies such as nuclear power, and to develop carbon capture and storage. Last year, the Energy Act 2008 set the framework for moving forward to ensure that the market is capable of delivering the changes that we need now and in the future. However, it is important that householders, communities and businesses can also play their part effectively. We are therefore working on a smaller community and householder scale strategy, too.

When we talk about energy saving, we must fully consider the fact that about 80 per cent. of the housing that we see around us today will still be standing in 2050. Those buildings include many millions of homes that are today highly energy inefficient. Problems can range from the cost and difficulty of double-glazing old windows to the lack of flues in houses that were built for gas central heating.

It is deeply unfortunate that much of the most energy inefficient housing is in the most deprived areas of Britain. However, with a need to ensure that everyone can heat their homes when it matters, initiatives like Warm Front will continue to be important. Hon. Members may be pleased to learn that yesterday I signed the new

[Mr. Kidney]

regulations on Warm Front, which will permit some installation of microgeneration technologies through Warm Front grants for properties that are off the national gas grid.

The Government's forthcoming heat and energy saving strategy will try to tackle many of those issues. It will aim to support and encourage everyone—individuals, communities and the Government—to work together and make the changes needed in the fairest way possible.

We all know that homes and buildings currently use a lot of energy inefficiently. Wasting electricity on inefficient appliances and losing heat through poorly insulated walls and ceilings could cost the average household more than £300 a year. We are therefore looking at new delivery models and packages to provide whole house, house-by-house and street-by-street approaches, targeted particularly at the poorest communities. We are also considering ways of linking financial support to the property, rather than to the householder, so that subsequent house owners take on the overall costs, as they save money on their own energy bills. We will examine new measures to stimulate community-scale generation. Pilots of pay-as-you-save may be an important driver of the wider take-up of microgeneration technologies.

It is a sobering thought that about a quarter of all UK emissions come from the domestic homes sector. To meet our target of reducing emissions by 80 per cent. by 2050, we will have to eliminate emissions almost completely from households. That sounds like a tough ask, but when we consider how difficult it will be to hit those targets in other sectors, there is little option.

There are two separate but complementary ways of radically reducing domestic carbon emissions. The first is radically improving energy efficiency and the second includes looking at ways of generating energy more sustainably. That means that we need real growth in small-scale, low-carbon and renewable energy technologies. Microgeneration will definitely have a key role to play, if we are to get where we want to be by 2020.

By brigading the concept of energy efficiency with renewable and low-carbon sources under the broad definition of "green energy", the Bill enables us to promote their use at that smaller scale. We recognise that, to tackle climate change, each and every person needs to play their part. We need to make it easier for individual householders and businesses to install microgeneration equipment and increase the amount of green energy generated. That is exactly what permitted development rights do—they grant planning permission at a national level and remove the financial and administrative burden of submitting a planning application. The Government have already made progress on that and granted householders permitted development rights for technologies such as solar panels and ground source heat pumps. However, we also know that that we need to go further.

Micro wind turbines and air source heat pumps have a big role to play in contributing to the generation of green energy. The Bill recognises the Government's commitment to those technologies by ensuring that we will grant permitted development rights for them in a domestic setting in six months of the Act's coming into force.

However, home owners are not the only ones who can help. The potential for green energy generation on land occupied by farms and premises used for commercial purposes, such as offices, is huge. Our job is to grant permitted development rights that allow developments in the right place without adverse impacts on neighbours. Let us not pretend that that is easy—what is acceptable to one person is a nuisance to someone else. It is important to get the balance and the pace of change right.

The Bill commits us to consider introducing permitted development rights in a non-domestic setting within six months of the Act's coming into force. We have already started work on proposals, and we will produce a consultation paper later this summer.

Of course, those are not the Government's first steps on promoting microgeneration. I mentioned earlier that we have already had one microgeneration strategy, which was published in March 2006, and had the objective of creating the conditions for the technologies to become a realistic alternative or supplementary source of energy generation. Of the 25 actions that the strategy contained to tackle the barriers to widespread uptake of microgeneration, 21 were completed and three were closed. The only outstanding action was in relation to "deeming" under the renewables obligation. That is now covered by provisions in the Energy Act 2008 to introduce a feed-in tariff for small-scale electricity generators.

Work on the microgeneration strategy allowed us to benefit from a greater insight into how the market for microgeneration works and to understand better its potential as we move towards creating a low-carbon economy. As I have already mentioned, relaxed planning from permitted developments, for example, will help communicate to a wider audience the real need to act on climate change now. By facilitating an easier process for installing microgeneration, we hope to encourage schools to take a more active role in developing renewable and low carbon microgeneration projects, allowing children to gain valuable, practical knowledge about what they can do as contributors in a lifelong effort against dangerous climate change. The Building Schools for the Future programme gives immense scope for acting sooner rather than later in both primary and secondary schools.

While it is vital to engage readily with home owners, small businesses and community actors, we must ensure that future generations will be keen to act, able to judge what it is possible to deliver in homes and communities, and equipped with skills to use that knowledge positively.

Another key achievement of the microgeneration strategy was the introduction of the microgeneration certification scheme—MCS. I am pleased to say that it is making good progress, in terms of product and installer certification, with more than 310 installer companies certified. To bring down costs, we opened up the scheme to 14 new certification bodies, five of which—BRE, NAPIT, British Board of Agrément, NICEIC and Action Renewables—have already achieved accreditation from the United Kingdom Accreditation Service for MCS. In the next few weeks, they will be joined by EC Certification and TUV NEL. That is an excellent opportunity to build on what BRE has achieved, and a new microgeneration strategy will ensure that we continue to push forward with a robust certification process.

MCS will not only provide consumers with impartial certification of installer companies and products but offer enhanced consumer protection and a means to register complaints. Through MCS, consumers can have confidence that complaints will be dealt with effectively and faults corrected. The scheme will also ensure that consumers get accurate estimates of the likely performance of the largely unfamiliar energy technologies before they sign up to them.

Gregory Barker: That is all terribly interesting, but the Under-Secretary has been on his feet for nearly an hour. Will he assure us that he is reaching the conclusion of at least his opening remarks?

Mr. Kidney: The hon. Gentleman is too cruel. I can assure him that we are almost there. I hope he will agree that certification is important for ensuring the greater use of microgeneration technologies and for the reassurance that it gives to the public about the standards that are set for them. Certification to robust standards is the key to delivering a sustainable industry in the UK. We have learned lessons from countries where negative media reports about installers over-promising energy outputs or about low-quality or even unsafe installations have scared off potential consumers, deeply damaging the wider microgeneration industry.

Confidence is key to moving forward. We recently convened a citizens' dialogue about how we will need to heat and power our homes and communities in the future—in other words, about how they will make the big energy shift. Participants from communities in England, Wales and Northern Ireland came together for that dialogue. It was clear from their questions that, as well as economic incentives to make microgeneration attractive, they want free, impartial and reliable advice before making investment decisions on such a scale.

People also want information about the support and services available to them. Last year, the Act on CO_2 helpline was accessed by 1.5 million people and was able to point home owners towards the best and most cost-effective means of saving energy, and of course money, by raising awareness of the opportunities for energy efficiency products in the marketplace today. I am also informed that the Energy Saving Trust's online interactive diagnostic tool for microgeneration technologies is now live. It will allow consumers to enter details about their properties and get advice on which technology would be most suitable, and equally importantly, which would not. Information provision, support and skills are just some of the issues for consideration as work begins in earnest on the new microgeneration strategy required by the Bill.

As action elsewhere continues apace, we need to ensure that the financial support is available. The Government are working hard on two financial incentives that will have a genuine impact on pushing microgeneration into the forefront of our energy future. Our renewable heat incentive will be one of the world's first financial mechanisms to support the generation of renewable heat. As with feed-in tariffs, our aim is to make the renewable heat incentive as accessible, flexible and user-friendly as possible for potential investors in renewable heat at all scales, from the domestic up to large industrial installations.

We are building the renewable heat incentive from scratch, as currently there is no physical or regulatory market for heat, so there is a lot of work ahead of us. The powers in the Energy Act 2008 are broad and allow maximum flexibility in designing the details of the incentive. That flexibility will allow us to work with all parts of the energy industry and other stakeholders to understand better any issues that could arise from implementing the mechanism. The details of the renewable heat incentive have not been finalised, but we will be consulting on these towards the end of the year. We aim to have the incentive in place by April 2011, and through it we expect to see a genuine impact on domestic heating technologies such as solar thermal, and air and ground source heat pumps.

That is one financial incentive. Feed-in tariffs will also act as a major incentive for the development of small-scale electricity generation. We are committed to having them in place by April 2010. The tariffs are intended to be a simple, easy-to-understand mechanism to provide certainty of reward to make small-scale low-carbon electricity generation a more economically attractive proposition to anyone wishing to invest in it. We will consult on the feed-in tariffs this summer, alongside a consultation on changes to the renewables obligation. There is much work yet to be done. My Department will look particularly at lessons learned from abroad where similar schemes have already been introduced.

At this moment, I am unable to say what the levels of the feed-in tariffs reward will be, as they may differ for different technologies and may depend on the size of the installation and the initial cost to buy equipment. Such features can be decided only following further analysis and the consultation that I have described. However, there is no doubt that they will offer the opportunity to draw small-scale generation fully into the mainstream. By not restricting such incentives to the domestic sector, we hope to allow for plant of a size used for community-scale generation. That includes buildings such as schools and hospitals, and small businesses. We wish to open up the opportunities offered by small-scale energy generation to all who can benefit from installing such technologies.

Another support mechanism to encourage take-up of microgeneration is the low-carbon buildings programme, which I mentioned earlier. The programme has delivered very successfully, not only by helping to create the first microgeneration capacity in the UK, but by helping to create the supply chain needed to support the introduction of feed-in tariffs and the renewable heat incentive. In light of that ongoing success, in this year's Budget the Chancellor announced a further £45 million of funding for the low-carbon buildings programme. That additional £45 million will help to avoid a potential gap in funding before the new incentives are put in place and will bring the total level of support through the programme to more than £130 million.

On Wednesday of this week, phase 2 of the extended programme for the low-carbon buildings programme opened to new applications. We have introduced a pot for solar PV of £9 million, bringing the total budget committed to solar PV through phase 2 to more than £40 million. The remaining budget will support a wide range of technologies. We want to provide support for the heat technologies through to the intended start of the renewable heat incentive in April 2011. That is excellent news for microgeneration technologies and demonstrates the Government's commitment to helping microgeneration move to a sustainable position.

[Mr. Kidney]

I want to emphasise that there is already a great deal of activity to support microgeneration. Over the past few years, we have begun to develop the tools with which to tackle the energy challenge ahead on the small scale. As a consequence, it is now time to draw on the lessons that we have already learned and build on the successes of the first microgeneration strategy. In order further to promote the use of renewable and low-carbon sources, the Green Energy (Definition and Promotion) Bill provides us with the opportunity to consult on, and thereafter publish, a new microgeneration strategy, which will take us into the coming decade. That will be critical in giving greater certainty to industry and the microgeneration sector. Although the new strategy will be applicable only to England, I am sure that the devolved Administrations will join us in our commitment to deliver a prosperous future for microgeneration throughout the UK.

I am pleased to draw my comments to a close. I know that there is already much support for the Bill. I am sure that it is about to receive its Third Reading in this House, before passing to the other place, where I wish it equally great success and approval and, given what we said earlier about the shortness of time a speedy passage on to the statute book.

11.47 pm

Mr. Peter Ainsworth: May I thank the Minister for his exhaustive speech? By the time he reached his "live diagnostic tool", I think that even he was losing the will to live. However, the other place will notice the thoroughness of his remarks, which will no doubt be helpful when it considers this legislation.

I thank all right hon. and hon. Members who have contributed to what was, until the last hour and a bit, a fascinating debate. I apologise to the citizens of Bexhill and Battle for an unwarranted slur on their character. I did not mean to single them out: they are no more nor less selfish chimpanzees than the rest of the human race. Finally, may I again implore the Government to do all that they can to ensure that the other place expedites its consideration of the Bill? Otherwise all our labours will have been in vain.

Question put and agreed to.

Bill accordingly read the Third time and passed.

Industrial Carbon Emissions (Targets) Bill

Second Reading

11.49 am

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): I beg to move, That the Bill be now read a Second time.

I should like to add my congratulations to all those involved in the debate that we have just listened to and, in large measure, enjoyed. I congratulate the hon. Member for East Surrey (Mr. Ainsworth) on his success in getting his Bill this far. Let us hope that it is given a fair wind in the other place. I also thank him for his kind comments about my Bill, which were much appreciated, as were the understanding and supportive comments of my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) and the right hon. Member for Holborn and St. Pancras (Frank Dobson).

I am a bit new to the specifics of these proceedings and to the process that the hon. Member for East Surrey has been dealing with in regard to his Bill. He was talking about having dealt with three Ministers. I have had some dealings with the Under-Secretary of State for Energy and Climate Change, the hon. Member for Stafford (Mr. Kidney), and I have been equally impressed by the dealings I have had with the civil servants involved. However, anyone listening in might have thought that the hon. Member for East Surrey was being a little uncharitable to the Minister. I timed the Minister's speech. He devoted 44 minutes to one of the most detailed replies to a Back Bencher that I have heard in my 26 years in the House, before going on to make his own, fresh contribution to the matter for a further 21 minutes. I shall be charitable and take that as an indication of the seriousness with which this Minister—if not the Government generally—views these matters. I find that encouraging.

Mr. Andrew Dismore (Hendon) (Lab): The right hon. Gentleman is not a regular attender on a Friday. If he were, he would know that Ministers often make very detailed responses to Back Benchers' Bills.

Mr. Kennedy: There are advantages to having a constituency that is an awfully long way away—it provides a very useful excuse at times.

My Bill aims to help the United Kingdom to meet its targets under the Climate Change Act 2008, and to help to craft an adequate energy policy to ensure that the UK becomes a genuinely long-term low-carbon economy. Its main purpose is to require the Government to introduce regulations that set an emissions standard for new power plants in the UK, known as an emissions performance standard. It intends to provide—in a constructive way—greater clarity on all sides of this important issue.

What should the United Kingdom's energy policy look like in a new, low-carbon age? The environment needs a firm guarantee that any new coal plants will be fully fitted with carbon capture and storage—CCS—facilities by a given date. Equally, companies need clear, long-term regulation which, along with a finance mechanism to fund demonstration projects, will give them the confidence to invest. The provisions of the Bill will contribute substantially to the delivery of both those objectives.

I shall explain briefly what the emissions performance standard is. It is a carbon intensity target for power generation that could be applied to all new power plants in the UK. If the standard were set at a certain level, consent applications for new coal-fired power plants would be able to proceed only if there was a commitment to fitting a substantial proportion of their generation capacity with CCS. It is important to note that CCS would need to operate at the plant from the outset. The operation of renewables and other low-carbon technologies would be unaffected by the standard as they have much lower emissions.

David Howarth (Cambridge) (LD): My right hon. Friend is making the important point that new coal-fired plants would have to be fitted with a working CCS capability, rather than simply being carbon capture ready, as seems to be the present policy. When I was the energy spokesman for our party, I investigated what "carbon capture ready" meant, and it turned out to mean simply that there needed to be a big field in which something might happen later.

Mr. Kennedy: I thank my hon. Friend for that contribution; he has hit the nail on the head. The Bill aims to encourage much more specific definitions in these areas.

The EU has set emission limits for other pollutants—sulphur dioxide, for example—so the concept behind the Bill is already well established. Perhaps the most well known example of an emissions performance standard for CO_2 is the one applied to power plants in the state of California—and, indeed, it is being extended to other states in the US. It was implemented in California in 2007 and it requires that any new power station—or, for that matter, any energy imported into the state—meet carbon intensity limits. These are set so that new unabated coal plants without CCS cannot go ahead. If CCS is added to a new plant, however, it complies with the standard and it can proceed—precisely the point that my hon. Friend the Member for Cambridge (David Howarth) made.

Simon Hughes (North Southwark and Bermondsey) (LD): I thank my right hon. Friend for his interest and initiative in introducing this Bill. I met some of the people involved in the Californian project earlier this year when they visited the Government and others here. They were very clear that the development of this technology is entirely possible within the time limits needed to ensure that the next generation of power stations are fitted. This is not undiscovered science; it is science already worked out, but it needs to be expanded to fit the plants. It can be done.

Mr. Kennedy: I am grateful to my hon. Friend for that intervention. What he says about timing and readiness is very apposite; one of the reasons for introducing the Bill is that we are now at a key moment in deciding climate and energy policies for our country. Decisions made now will determine our success—or, for that matter, our failure—in becoming a low-carbon economy over the next few decades.

Why do I say that? Well, Parliament has passed the Climate Change Act 2008, which contains strong emission reduction targets, and we are about to take long-lasting decisions on the nation's future energy mix. We should remind ourselves that coal-fired power stations have life spans of more than 40 years, so once they are built they represent huge investments, and companies obviously do not want to shut them down prematurely.

On the environmental aspects, the independent Committee on Climate Change made it clear in December last year that it sees the power sector as absolutely key—and "key" is its own word—to the UK achieving its targets. Furthermore, the committee said that the power sector should be almost completely decarbonised by 2030. That is because technologies such as electric cars will not reach their full potential for reducing CO_2 emissions unless they are powered by clean sources of energy. However, the committee expressed its concern that the carbon market established by the EU emissions trading scheme, in which many people have placed their faith over the years, would be insufficient on its own to drive the necessary low-carbon investments in time. Additional measures would be necessary to "buttress"—again, the Committee's own word—the carbon price.

It seems to me that that conclusion has profound implications for energy policy. It means that we must not rely solely on the carbon markets to decarbonise the power sector, as complementary regulation will be required. The Committee on Climate Change made it clear that all coal-fired power stations in the UK would either have to have full CCS by 2025 or shut down. Finally, it called for a clear policy on coal to be stated now, as this would be so essential to meeting the 2025 deadline.

What have the Government proposed? Up until a few months ago, I think it would be fair to characterise the Government's essential stance on this issue as, "Let's build new coal plants, make them capture ready and hope the carbon markets deliver full CCS at some point." That takes us back to the point made by my hon. Friend the Member for North Southwark and Bermondsey. We had a competition under way to demonstrate CCS on one plant, but the Government seemed happy to let other plants go forward without that measure of CCS.

To be fair where fairness is due, I have to say that today it is clear that the Government have taken a big step in the right direction, which I very much welcome, although they still have much further to go.

In April, the Secretary of State declared that the "era of unabated coal" had come to an end. No new coal plants would be allowed unless they demonstrated some level of CCS, and the United Kingdom has said that it will fund up to four demonstration projects. A consultation on new coal was launched very recently, on 17 June, and has revealed that the Government hope that CCS will be technically and economically proven by 2020 and scaled up to cover the full generating capacity of new plant by 2025.

Much as I welcome the movement on the part of Government, if it is measured according to the standards of the Committee on Climate Change it is clear that there is scope for much greater improvement. The problem with the Government's proposals is that there is no absolute, firm guarantee of when full CCS would be required. There is no mandate, and that must be cause for concern.

Under the current proposal we could see four new coal-fired power plants built in the United Kingdom, fitted with small-scale CCS but failing to fit the technology fully to the whole generating capacity. According to

[Mr. Charles Kennedy]

that scenario, which is by no means implausible, a plant could continue to operate largely unabated, emitting some 80 per cent. carbon dioxide into the atmosphere at precisely the time when a marked reduction in emissions is needed. I cannot believe that the Government, or indeed the House generally, would want that to happen. The four demonstration power plants proposed by the Government may capture only 20 per cent. of their annual emissions from the outset. Over its lifespan, one of those plants could emit nearly 240 million tonnes of carbon dioxide if it was not fully fitted.

Gregory Barker (Bexhill and Battle) (Con): The right hon. Gentleman is making a very important point, and he is not scaremongering. He is absolutely on the money. We need only look at the size of coal-fired power plants historically, relative to the size of other power generation facilities, to see what he means. I understand that Drax, our largest coal-fired plant, accounts for nearly 10 per cent. of emissions.

Mr. Kennedy: It is certainly no wish of mine to scaremonger, but in the context of what was said by the Committee on Climate Change, there are real worries ahead unless we move things further forward—which, obviously, is the aim of my Bill.

The Government hope that the new plants will be fully fitted with CCS by 2025, but they do not propose a firm guarantee. If the technology is proven by 2020, both technically and economically, the plants will have five years in which to fit CCS fully. However, even the Government acknowledge that there could be delays. The technology might not work, or it might not be economic by 2020. The United Kingdom would then be in danger of failing to comply with the recommendations of the Committee on Climate Change, and could be seriously off track in terms of its long-term policy of decarbonising its power supply.

As we know, the Government are considering the idea of a safety net should such a scenario occur, but propose not to consider the option itself until 2020. That is completely the wrong approach to such a serious issue. If delays occurred or the technology did not work, closing the plants less than 10 years into their operation would become a real possibility. I think that any future Government who built their energy policy on the assumption that the plants would continue for their likely lifespan of 40 years would be unwilling to consider such an economic option. Certainly they would feel very uncomfortable about it.

From an industry perspective, what business needs above all else is the confidence to be able to make long-term investment decisions that deliver an expected financial return. I do not think there is any sensible disagreement in the House about that, and I certainly hope not. That confidence depends on whether there is a credible regulatory framework set by Parliament, and whether there is clarity and transparency in what will be required of companies and by when it must be done. A policy that breeds confusion about whether 100 per cent. CCS will ever be required in new power plants would create unwelcome unknowns and risks for companies seeking to invest in coal. It would be a massive financial disincentive from a commercial point of view.

The benefit of an emissions performance standard is that it provides long-term clarity. Government, industry and non-governmental organisations all need to know what must happen and when. What is needed is regulation that brings about clear and unambiguous action. An EPS applied across the whole power sector would, by proxy, set a clear timetable for how much CCS had to be fitted to new coal power plants and by when. If it were supported by the finance mechanism for demonstration projects to which I have referred, it would provide a clear legal framework allowing power companies and investors to decide what best to invest in; it would be clear in 2009, just as it would be in 2020. That is exactly the kind of approach that is needed.

Clause 1 would place a requirement on the Secretary of State to introduce regulations introducing an EPS. That would amend the Electricity Act 1989 so that no consent for a new power station could be granted unless it complied with these regulations. Clause 2 sets out how compliance with the standard could be calculated. CCS is explicitly stated as a means of compliance, and the useful heat captured by combined heat and power can also help to meet the targets. Renewables can also be fast-tracked through this requirement, which is a useful addition. This is, of course, an enabling Bill, but it requires the Government to come back with regulations after 12 months. Clause 4 sets out who should be consulted on the level of an EPS and how the statutory instruments should be introduced. Finally, when setting the EPS, the Secretary of State needs to consider the latest science and any further advice from the Committee on Climate Change.

I believe that an EPS is not only necessary but a good way forward—arguably, the best way forward. It would show that, as a country, we are serious about driving investment that would contribute towards a decarbonised—or as close as possible to decarbonised—power sector by 2030, and it would provide the certainty and guarantees that other options cannot offer.

An early-day motion in favour of the idea of an EPS has attracted the support of 186 Members—colleagues from all parties, without exception, across the House. I am not speaking in a party capacity at present of course, but the EDM is officially supported by the Liberal Democrats and by the Conservatives, and 71 Labour MPs have signed up to it, too. I believe that this is a timely debate, and I hope the Government will be able to respond to it constructively.

In a different context, in the earlier debate this morning the Minister rightly referred to the fact that mañana could not be an option. In the west highlands of Scotland where I come from there is an old joke about a person who has never previously been up and experienced the lifestyle there. He cannot believe how much more leisurely it is than the city lifestyle he is used to, with all its pressures and attendant difficulties. He is listening to two old boys talking to each other in Gaelic in the local bar, and says to them, "I can't believe the pace of life here. It is so much more idyllic than what I am used to. It is like mañana. What is the word in the Gaelic language for mañana?" The old boys look at him, and then one of them says, "There is no word that conveys that sense of urgency." I say to the Minister that we do need that sense of urgency, and I hope he can convey it in his response.

12.10 pm

David Howarth (Cambridge) (LD): I support the Bill and I do not wish to take up more than a few minutes in adding to what my right hon. Friend the Member for Ross, Skye and Lochaber (Mr. Kennedy) said, but I want to make one point.

The necessity for this Bill comes from the fact that carbon markets are not acting in the way that many people hoped they would. The original policy idea of the carbon markets was that before long, with the right set-up, there would be a high and stable carbon price, which would drive forward technological change and carbon saving throughout the economy in a predicable and effective way. Unfortunately, that has not happened, because the carbon price has, on the whole, remained low and there is no obvious prospect of its reaching the levels necessary for it to be effective in the way that was originally hoped. The carbon price also seems to be quite variable and that is, in itself, a problem, given what my right hon. Friend rightly said about predictability being an important part of the policy objective.

There are a number of reasons why the faith that many people had in the carbon price and carbon markets as a way forward has been deeply damaged, but I wish to focus on one. Such reasons include those relating to enforcement costs, certainty of enforcement and the necessity for proper regulation of carbon markets—those things have come to the fore and will do so again in future—but the central point is that because carbon permits are issued by Governments, the setting of the total amount of carbon permitted in a particular economy is, in the end, a political act. We are not dealing with some natural property that is limited by physical factors; we are dealing with a property right created by the state.

The problem is that whenever some difficulty affecting a particular industry comes to the fore in the political debate, the reaction of Governments is to give way to that particular industrial lobby. The long-term effect of that approach is to reduce the confidence of people generally in the long-term prospects of a rising carbon price. If the pattern that establishes itself is that politicians give way and issue more permits every time a problem arises, the carbon price cannot rise in the long term to the level necessary to drive the policy forward. That is why we must now turn to a more regulatory solution, as proposed in my right hon. Friend's Bill. I was very glad that in the previous debate the Minister said that we have to look to regulatory solutions, not just incentives. With that in mind, I hope that the Government will give the Bill a fair wind.

12.13 pm

Gregory Barker (Bexhill and Battle) (Con): It is a pleasure to follow two excellent speeches. I thought that the right hon. Member for Ross, Skye and Lochaber (Mr. Kennedy) put the case for this important measure succinctly but very powerfully, and the hon. Member for Cambridge (David Howarth) also made very important points about the effective use of market instruments.

Two years ago, I was fortunate enough to go to California specifically to look into energy efficiency, the emissions performance standard and the market mechanisms that had been used there in order to reduce carbon emissions. I was fortunate to meet a number of the key policy makers who had been involved in the development of that suite of policies, of which the EPS has certainly had the most important impact. I was struck then by the simplicity and effectiveness of emissions performance standards and how they have made a real change to the way in which electricity is generated in California and imported into the state. Although California has its problems, it has, typically, been the first to embrace several exciting and progressive policies on climate change, the environment and energy efficiency. The great attribute of the EPS is that it is a firm measure that gives clear, simple and long-term market signals that act as key drivers on innovation and efficiency, and aligns the long-term interests of investors with the over-arching objectives of driving down dangerous CO_2 emissions.

When I returned to the UK and the rumblings of support from the Government for a new generation of coal-fired power stations, and with Kingsnorth coming up the political agenda, my party began urgently to explore the potential of adopting such a policy here to head off such an eventuality. The EPS is important for three reasons. The first is the impact that it would have on our own carbon emissions. The second is the message of international leadership that it sends out, and the third is that it would help to put the UK at the very forefront of the development of carbon capture and storage technology, with the creation of those green jobs that we may struggle to define but nevertheless understand to be important.

The key point about international leadership on CCS is that simply having an impact on our own emissions will not be enough, but if it can be implemented effectively and on a sufficient scale, the potential impact of its introduction in the developing world on a global solution to climate change would be far greater than anything that we can do on our own. We are in a position to drive forward that agenda because of the tremendous expertise that we have in our universities and research houses, and in industry with our heritage in oil, gas and coal. We should use that positively and progressively to push this agenda forward.

All these factors convinced us that we needed to ensure that the UK would play a leading global role in the development of scalable solutions for carbon capture and storage. We therefore needed to take a clear stand and make a break with our old dirty coal past. Just before Christmas 2007, my right hon. Friend the Member for Witney (Mr. Cameron), the leader of our party, visited China and used the occasion to announce the Conservatives' EPS policy and our ambitions should we form the next Government. It was right that he chose to make that statement in China, because nobody can be taken seriously on the issue of climate change without addressing the building of new coal-fired power stations in that country. We saw the opportunity to drive the development of CCS technology with an appropriately calibrated performance standard, backed up by serious strategic investment to support CCS pilot projects for new power stations, but on a whole new level to that anticipated by the Government.

Our endorsement and support for carbon capture was well ahead of Government thinking and, I think, ahead of most parties' thinking. That position has not only become Government policy but has been backed by many of the green non-governmental organisations and, crucially, by the Committee on Climate Change.

[Gregory Barker]

The Government had to be dragged on to this agenda, however, and their previous use of competition as a main tool for encouraging CCS was woefully inadequate. I am glad that we are now shot of it and have something that is far more ambitious and looks far more like the policy that my right hon. Friend the Member for Witney articulated two years ago. That is welcome. Indeed, the Committee on Climate Change has also recommended the use of an EPS as a tool to help drive the decarbonisation of the UK electricity supply.

This excellent Bill and the measures that it would facilitate have seen incarnations as amendments to the Bills that became the Climate Change Act 2008 and the Energy Act 2008, but I think that this is the first time that we have had a sole focus on EPS, and that is to be greatly welcomed.

Despite the growing consensus from industry and the green lobby, the Government have remained entrenched in their objections to the mechanism of an emissions performance standard, despite having done so well in adopting so many other areas of Opposition policy through their conversion to feed-in tariffs and an incentive for low-carbon heat generation. The Government have had a welcome change of heart on those matters, so I hope that the Bill will be the catalyst for another Government U-turn. This matter is incredibly important.

I obviously support the Bill in its detail as well as supporting its overarching aims. The right hon. Member for Ross, Skye and Lochaber has been very smart to keep it so permissive and relatively loosely drawn in its ambition. Giving flexibility to the Secretary of State to set the EPS through regulation will allow a Government gradually to reduce the cap over time according to a trajectory that could give industry the certainty it needs in order to invest in decarbonising electricity generation. The long-term certainty that business needs to plan major capital investment has been a recurrent theme in speeches from both sides of the Chamber this morning and from the Minister himself. It is vital that regulations on compliance with the new standard are detailed, clear and reached in consultation with the industry. Again, it is only by giving business clarity that we can expect it to trust a Government enough to make bold yet vital investments in emerging sectors.

I am glad to see the inclusion of a consideration of the benefits of captured heat in determining the carbon intensity of a power station. That will not only give a much-needed boost to combined heat and power deployment, but encourage more medium and small-scale local generation where a heat load is often better matched to production. Too often, consideration of heat capture at power stations is cursory, and this provision will sharpen the demand to get heat capture and transmission infrastructure into the ground.

Stipulating a time scale for introducing the regulations is also a sensible precaution given the Government's enthusiasm for endless iterative consultation and their track record of delivering regulation on time. In the face of the challenges of potentially catastrophic man-made climate change in this decade and our stringent targets for emissions reductions, we have little choice but urgently to tackle, head on, emissions from our power sector.

Electricity generation in the UK accounts for a substantial portion of our CO_2 emissions, and we will need to achieve cuts of well over 80 per cent. in that sector by 2050. Renewables will play an increasing role, but certainly, through this century, we will need to continue to rely on fossil fuels as the backbone of our energy mix. An emissions performance standard will be essential to give innovators and investors in industry a clear signal of the pace of change expected by the Government and the rate at which we expect carbon capture and storage technology to be developed and deployed. An EPS will catalyse the deployment of CCS—a technology that is vital to reducing emissions in the UK, and absolutely vital to reducing them in the developing world, in countries that are more reliant on coal, and in countries that are without the rich resources for renewable energies that we enjoy in the UK.

The UK is extremely well placed to develop export CCS technologies. I hope that CCS will become a real engine of economic growth for the UK in the coming years. The potential for the creation of jobs to do with that technology is very significant. We have world-leading centres of expertise on the chemical, mechanical and civil engineering skills that are essential to CCS, and we have institutions, such as Imperial college, that have a long and impressive heritage in the sector. We have rich resources of storage sites at depleted oil and gas wells in the North sea. What we stand to gain in intellectual property, jobs and wealth creation through CCS as a result of an EPS should not be overlooked.

The Bill's provisions should have been included in major legislation a year ago, but it will provide Government with a hugely powerful tool to cut emissions, will give certainty to industry, and could drive innovation, investment and job creation. I am proud that my party has played an important part in promoting the CCS agenda in the UK, and energy performance standards as a means of promoting CCS, but I commend the right hon. Member for Ross, Skye and Lochaber for having the gumption to bring the measures together in one Bill, and for securing legislative time for it. I hope that the Government will respond to that agenda as positively as they responded to the previous Bill discussed today. I hope that they realise that we simply cannot afford to delay or defer these measures any longer.

12.27 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I, too, am delighted to welcome the Bill introduced by my right hon. Friend the Member for Ross, Skye and Lochaber (Mr. Kennedy). He made it clear that our party has taken the two opportunities given to us by good fortune this year, through the private Members' Bill ballot, to come forward with practical proposals to deal with the climate crisis that we face. Earlier in the Session, my hon. Friend the Member for Somerton and Frome (Mr. Heath) introduced his Fuel Poverty Bill, but frustratingly he failed, by a handful of votes, to get it over the hurdle of Second Reading on its first outing. It is on the Order Paper to be considered later in the year, but I guess that that means that it will not get on to the statute book this year.

The Fuel Poverty Bill signified the importance of the energy efficiency agenda, to which the Minister says that he is committed. The right hon. Member for Holborn and St. Pancras (Frank Dobson) reaffirmed the importance of that agenda earlier, and we are all signed up to it. Now my right hon. Friend the Member for Ross, Skye and Lochaber has added to that by making another

specific proposal in his Bill. As was evidenced by the support from my hon. Friend the Member for Cambridge (David Howarth) and the hon. Member for Bexhill and Battle (Gregory Barker), the proposal has growing support in politics, and huge support outside. There is huge support for ensuring that we do not just proceed as we are doing, but put some regulatory constraints in place for the future, so that people can plan for the future and adapt the energy industry accordingly.

The most important first point to make in support of my right hon. Friend is that the core proposition is that if we regulate now, everybody knows where they stand and they will work to live within that framework. If we do not regulate, there is uncertainty and the risk is that people will not understand the crucial importance of moving quickly to avert climate crisis. This is not a Bill for which he plucked an issue out of the air, so to speak, and said, "This is important because it will add to the agenda." It is a Bill that relates to our country because coal has been so important and remains so important. We expect it to continue to be important, but if it is to play a responsible part in our future energy mix, it must be produced in such a way that coal-fired power stations do not send huge amounts of CO_2 out into the atmosphere, contributing to the climate crisis.

My right hon. Friend mentioned the widespread support in Parliament for the Bill and the 186 signatures on the early-day motion in the name of the hon. Member for South Suffolk (Mr. Yeo), who chairs the Environmental Audit Committee. It is significant that the motion is proposed by him, because that gives it the gravitas that deserves recognition. Having totted up the figures today, I am pleased to say that 49 Liberal Democrats are signatories among those 186 names, including my right hon. Friend the Member for Ross, Skye and Lochaber, my hon. Friend the Member for Cambridge and me.

The second strong point, which the hon. Member for Bexhill and Battle rightly highlighted, is the importance of countries such as China to the debate. My right hon. Friend pointed to the importance of what has been happening in the United States, particularly in California. China is the obvious place where there needs to be a change in energy production in response to the environmental agenda. According to the figures that I have, China is now the largest greenhouse gas emitter in the world, getting three quarters of its energy from coal. We get a substantial part of our energy from coal, as do other European Union countries, such as Poland.

The Chinese have recently shown their understanding of the need to adapt and change, which is exceptionally welcome. We must do all we can to encourage that. The new American Administration in the White House has shown its determination to change the agenda. There was the first legislative move in Congress, in the House of Representatives a week ago today, which, though modest in some respects, is none the less a move in the right direction.

The world is moving to realise that we need an energy mix that has the maximum renewable energy component, but that if we continue to presume that coal will play a part, coal must in future be produced within the constraints necessary to ensure that it does not pollute the atmosphere more and contribute further to the environmental crisis. That is important for our country, the European Union, the United States, China, India and other such countries. Whatever its merits and its huge contribution in the past, coal is the dirtiest large-scale power generation method that we use.

The second point implicit in the remarks of my right hon. Friend is that we should see the current situation as an opportunity for Britain. We have the technology, the scientists and the engineers, and there are many people raring to go. As I learned from my discussions with the Californians, and as I assume the hon. Member for Bexhill and Battle also learned from his conversations, they are not in any doubt that the technology can be delivered. They do not say that they are only at the beginning of the research and development process. They know what they have the capability of delivering.

It was interesting that in the United States, as I understand it, once California had legislated, which it did in 2006, the neighbouring states also legislated. The danger was that if California legislated and neighbouring states did not, people could import energy from neighbouring states into California, circumventing the whole strategy. Washington state, Montana and Oregon have all now legislated, so this is not an area of policy or legislation that is not beginning to be accepted broadly. This is not an idea whose time has not yet come.

Gregory Barker: The hon. Gentleman is absolutely right to say that California created a wave that is now being followed and encouraged by the Obama Administration. However, on a point of detail I should say that the emissions performance standard in California applies to all energy, whether generated in the state or imported, so there is no danger of neighbouring states exporting dirty coal. That has meant that some of the coal states, in the heart of the coal producing areas, that export energy to states as far away as California are having to make changes and think again about how they will develop in future.

Simon Hughes: I am happy to be corrected on that point. The Minister has probably not made an official visit to California to see these things, but I am sure that he has been briefed about the strong public support, as well as political leadership, in favour of the initiative.

There is widespread support among the informed community in this country for the proposal. As the Minister will know, WWF and the Royal Society for the Protection of Birds, which has huge public support, with a membership of more than 1 million, as well as Christian Aid and the other faith-based organisations, are all clear about the matter. They have written to many MPs asking us to support my right hon. Friend's Bill because they realise that, given that coal contributes half our CO_2 emissions, we will not grasp the nettle unless we deal with the coal industry. The hon. Member for Bexhill and Battle mentioned the fact that single power stations can contribute. Anyone going up the east coast main line has only to look out of the window to realise the history of and prospects for what is going on. My right hon. Friend has adopted a straightforward ring-fenced area of policy.

The proposal in the Bill is entirely straightforward. It is a model private Member's Bill; I hope that the Minister has no objection to how it is drafted. It makes provision for Ministers to set the limit and the date by which the measure has to be put in place and to have a consultation period before doing that, with all the obvious suspects.

[Simon Hughes]

It also stipulates that there should be a deadline of a year after the Bill is enacted, so that we know that the issues are not being put into the long grass.

All the advice that I have been given, since I took over this brief in its newly constituted form at the beginning of this calendar year, is that we need to be robust about the policy that should be adopted by Her Majesty's Government, of whatever party, on the issue. So far, the Government have not been robust enough, and the Bill is an attempt to make colleagues more robust.

I want to say only a couple more things, as I do not want to give the Minister an opportunity not to be entirely positive about the Bill in his response, and I want him to have time to be positive. There is external evidence other than that from places such as California, which have legislated; there is evidence from groups that are supportive. I pray in aid Dr. James Hansen, the well-respected director of the NASA Goddard Institute for Space Studies. He has expressly said that there must be an end to building new coal-fired power stations in the developed world unless carbon capture and storage technology operates in them from the outset. There lies the rub. The difference between the Liberal Democrats and the Government is that the Government have not yet signed up to the idea that such technology should be in place from the outset.

On the day after the Budget announcement, the Secretary of State for Energy and Climate Change made a statement—it was responded to by my hon. Friend the Member for Cheltenham (Martin Horwood) because I was in the United States at the time—in which the Government set out their proposals, whereby there can be carbon capture and storage plans, and the capacity to put the technology in place, but not at the beginning. Therefore, someone could build, say, Kingsnorth power station, get it going and allow it to do its work, but it would not have the controls put on it until later. The danger of that is that as little as a fifth of the emissions might be caught from the beginning. The idea that the sector that contributes half the emissions in the UK might, in its new generation, have only a fifth of its emissions captured, and only later have all of them captured, is, bluntly, not good enough.

When the Government launched their consultation on 17 June, they proposed that new plants should fully fit carbon capture and storage technology within five years of the technology being technically and economically proven. They acknowledged that it might not work, might be delayed or might not be economic, and therefore proposed that we accept a safety net, as it were, to deal with emissions from new plants. They actively considered that an emissions performance standard—my right hon. Friend's proposal—should be an option, but said that we should not decide on it until 2020, which is in 11 years' time. My right hon. Friend has come to the House to say that we need to decide on this imminently—not today, but so as to have the legislation in place this year in order for the date to be fixed next year. That would mean that next year the big energy companies will know the date by which they must have the technology in place, and that they will not be able to get Kingsnorth, or any other power station, to start producing until it is in place. Following all my consultations, I have no doubt that if that were the law, they would comply with it and understand it. They know they have a market out there, and they know that coal has a future in this country. It is important that it does, within the constraints, but we must set the regulations now.

My right hon. Friend has brought his heavyweight experience as a politician to a subject which, as he says, is probably not the thing that people on Skye wake up in the morning thinking most about. Nevertheless, he is very clear that we, as a party, now need to put it at the top of our agenda. I hope that we will all sign up to the fact that, as my hon. Friend the Member for Cambridge argued, it is not sufficient to leave it to the market. The crisis is so great that we have to regulate. I am not someone who instinctively wants to regulate and legislate; as a liberal, I always come to that view as a matter of last resort. However, we can all read the advice of the Committee on Climate Change and look at the science in the build-up to the Copenhagen talks. I am persuaded by the science, as we should all be, that it is necessary to act now, not, as the Government propose, in 10 years' time—that is not good enough.

I hope that the Minister will be very positive about the Bill and robust in understanding its importance. If we can make progress on it, this will be a doubly good day for the environment in the House of Commons.

12.43 pm

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): I congratulate the right hon. Member for Ross, Skye and Lochaber (Mr. Kennedy), who presented the case for the Bill, on his choice of subject. It is one of the major issues of the day, and he has his finger on the pulse in bringing it before us. I always thought that he led his party with great skill and great good humour, and he brought those qualities to bear in leading this debate, which he did adroitly and persuasively.

I know that in the previous debate some hon. Members were a touch impatient to hear my full arguments, so I shall give them a synopsis of what I am going to say. The Government's position is that in our general policy direction, we are where every Member who has spoken has urged us to be. We have already commenced a consultation on the best way to get a detailed policy so that we can travel forward. Unlike the hon. Member for Bexhill and Battle (Gregory Barker), I believe that consultation is a very good thing and an important component of getting policy right. In that context, the Bill is premature in the solution that it proposes. The solution will look something like the Bill, but we will know better how precisely it will look when we have concluded the consultation.

Simon Hughes: For those who read or hear our debates, will the Minister put on record the closing date of the consultation, so that people know by when they need to respond?

Mr. Kidney: I think that it is 9 September, but I will come back to that in a moment and correct it if I have got it wrong. As the right hon. Member for Ross, Skye and Lochaber kindly said, the consultation is currently open, and it will close in the autumn.

Having congratulated the right hon. Gentleman on his Bill, I confirm that reducing emissions from our power stations is imperative if we are to achieve our climate change goals. I was pleased to be able to have a meeting with him recently. For a new Minister, every

day seems to last an eternity, so I cannot remember whether it was last week or the week before, but it is reasonably fresh in my mind. The hon. Member for North Southwark and Bermondsey (Simon Hughes) mentioned the many powerful non-governmental organisations that support the Bill, and I was pleased to see some members of WWF at that meeting. I said privately then, and I am happy to say publicly today, that I am a keen supporter of WWF's environmental campaigning in many areas, and I have personally supported many of its initiatives in the past. I am grateful to it for the expertise that it brought to the meeting and the arguments that its representatives made. It was a valuable exchange because they not only listened to and understood the Government's position but teased, pressed and probed it, so that I genuinely had to think about the issues that they raised. In every sense, the meeting was very helpful.

Even in the short time since we had that meeting, there have been three key developments that are relevant to today's debate. The first was that my right hon. Friend the Secretary of State for Energy and Climate Change published the Government's manifesto for the negotiations in Copenhagen at the end of this year in a document called "The Road to Copenhagen". It set out our case for an ambitious international agreement on climate change in December. Hon. Members will know, and I hope it becomes widely known by the public, that the full document contains a detailed exposition of the Government's position. For people who want a handy and accessible summary of the position, there is a shorter document that they can obtain. There are plenty of paper copies of it, and it is on the Department's website. During the launch of that document last Friday, my right hon. Friend the Prime Minister was once again at the forefront of international efforts to secure what perhaps matters most, which is the finances to ensure that the world goes forward practically.

The second crucial development since the meeting was mentioned by the hon. Member for North Southwark and Bermondsey. The US Clean Energy and Security Act completed its passage through the House of Representatives at the weekend. As he said, among its provisions is a requirement that all new coal power stations permitted after 2020 must have carbon capture and storage fitted.

The third element of the package, which is important, is the Government's announcement on Monday of our draft legislative programme for the next Session of Parliament. The Prime Minister stood at the Dispatch Box and explained the programme, in which his No. 1 measure was an energy Bill. Clearly, the Department is pleased that such priority has been given to its work through a new energy Bill to implement the financial support mechanism for up to four carbon capture and storage demonstration projects that were announced in the Budget this year.

So much meaningful activity in under two weeks demonstrates the pace of change. We all understand that urgent action is required to tackle dangerous climate change. The Government's own thinking is developing at speed—that is shown by the fact that, when the Bill had its First Reading in January, the Government had not pronounced publicly on an emissions performance standard—EPS, as everyone calls it—as part of our portfolio of measures to tackle emissions from power stations.

Following the report from the Climate Change Committee, which the right hon. Member for Ross, Skye and Lochaber mentioned today, and responses to our previous consultation on the subject, "Towards Carbon Capture and Storage", we have moved forward and are exploring in our current consultation the possibilities of using an EPS to support our aim of reducing emissions from power stations. The consultation document, of which I have copy before me, was launched in June and contains a great deal of discussion about what an EPS might comprise, how it could be applied, and—perhaps the most crucial point in the right hon. Gentleman's speech—the timing of its introduction.

The Government have the same agenda as all hon. Members who have spoken in the debate, but the point at issue is that, while we greatly support the Bill's intentions, there are several reasons for being unable to support its further progress at this time. I will go through them in detail later on—the right hon. Gentleman and I have discussed them previously. Let me first emphasise that the wider issues relevant to the Bill, including the development and deployment of carbon capture and storage technologies, without which it would be difficult to achieve any meaningful emissions performance standard, are a priority for the Government.

Reducing our carbon emissions to avoid dangerous climate change is an increasingly urgent challenge. Without urgent action, by the time that a child born today reaches 50, average temperatures worldwide could have increased by up to 2.5° C above pre-industrial levels. Local and seasonal increases in temperature could be significantly higher, and the effects on society and the environment would be dramatic. For example, some 20 to 30 per cent. of plant and animal species could become extinct; food production may start to decline; and a 60 per cent. reduction in glaciers in the northern hemisphere could affect the drinking water supply of a sixth of the world's population—a billion or so people. "The UK Climate Projections 2009", published on 18 June, shows the extent of the changes that the UK might face as a result of climate change: warmer, wetter winters and hotter, drier summers, with more drought, heatwaves, flooding and sea level rises.

Tackling climate change is a global challenge and we need co-ordinated global action. A global climate change deal, if it can be won in the negotiations in Copenhagen this year, will affect all our lives and the prospects for generations to come. As I said earlier, my right hon. Friend the Secretary of State for Energy and Climate Change has set out the UK's position for the global climate change negotiations in "The Road to Copenhagen".

The overriding goal of the Copenhagen agreement must be to limit climate change to an increase in global average temperature of 2°. That means that the deal needs to establish a credible trajectory for reducing global emissions by at least 50 per cent. on 1990 levels by 2050, and to put in place now the measures to ensure that emissions start to fall in the next decade. We will be working intensively with other countries to resolve the issues and remove the barriers to reaching an effective international agreement at Copenhagen. We are also determined to ensure that the UK's domestic emissions reduction effort contributes to achieving that global deal.

Through the Climate Change Act 2008, the UK became the first country in the world to introduce legally binding carbon budgets, which commit us to

[Mr. Kidney]

carbon savings of 34 per cent. by 2020 and at least 80 per cent. below 1990 levels by 2050, to be achieved through action at home and abroad. The four key measures by which we can meet those ambitious targets will be: first, from 2013, a progressively declining cap on emissions in the power and industrial sectors, through the EU emissions trading scheme; secondly, incentivising low-carbon sources of energy; thirdly, bringing about dramatic improvements in energy efficiency; and fourthly, facilitating a switch in energy demand in the heat and transport sectors to low carbon electricity and renewable fuels. The first two of those measures are of most relevance to today's debate.

There have been some less than wholehearted endorsements of the EU emissions trading scheme in this debate. The scheme is the first of its kind—and the first of such size, ambition and scope—anywhere in the world. The revised EU ETS directive was agreed last year and will come into effect from 2013. It sets an annually declining trajectory for the cap on emissions to 2020 and beyond, which will deliver emissions 21 per cent. below 2005 levels by 2020 and is consistent with keeping the EU on track to deliver a 60 to 80 per cent. cut in emissions by 2050. The EU ETS cap will also be tightened up to the 30 per cent. greenhouse gas reduction target when the EU ratifies a future international climate agreement—in other words, if we reach a robust agreement at Copenhagen.

David Howarth: This is probably the crux of the issue. The increasing academic consensus among economists is moving against emissions trading, especially emissions trading as the only measure. The reason is that if what the Minister has said were fully accepted and there were no problems of public choice—that is, of people thinking that the agreements might not be kept to—then the futures price of carbon would be rising, but as we can observe, it is not. The problem that the Government must face is that the facts have changed, and therefore their policy must change.

Mr. Kidney: I am someone who is instinctively concerned about putting all the eggs in one basket, so I take the hon. Gentleman's point about not claiming everything for one approach, in this case emissions trading. However, he should bear in mind the scheme's fairly recent arrival and the fact that it is necessary to learn from early experiences, including the giving out of permits at the beginning to get the scheme going. As we move forward and learn the lessons of the first phase, we can have a much more effective scheme in the future.

For our part, the UK will be auctioning 100 per cent. of EU ETS allowances to the power sector from 2013, and at least 60 per cent. of allowances will be auctioned in the UK by 2020. That will provide a more economically efficient way of allocating allowances and help to reinforce the incentive to reduce emissions and invest in and develop cleaner technologies. As the hon. Gentleman said, that was the original goal of the scheme and that is the intention that we support. Overall, the combination of a tighter cap with a set declining trajectory, auctioning as the primary means of allocation and reduced access to project credits from outside the EU will result in more predictable market conditions, with a more stable price and improved certainty for industry. As the EU-wide cap on carbon emissions tightens, the carbon price should rise and options for reducing emissions will become progressively more economically attractive.

With 35 per cent. of the UK's emissions coming from the generation and supply of electricity, making the shift to low carbon electricity generation is an essential part of our overall transition to a low-carbon economy. The challenge is to achieve this transition while ensuring that we maintain the security of our electricity supplies. This means ensuring that we have sufficient generation capacity available, that we maintain a diverse energy mix so that we are not over-reliant on any one fuel or technology, and that electricity is affordable. To ensure that we have a full range of options available, the Government are working to overcome the barriers to deployment of the three key technologies expected to contribute to the decarbonisation of UK electricity generation: renewables, nuclear, and carbon capture and storage.

Our electricity mix will change significantly over the next decade. By 2018, between 18 and 20 GW of generation capacity is expected to close. Seven nuclear power stations will reach the end of their licensed lifetime, while six coal and three oil power stations will close as a result of EU environmental legislation to reduce emissions of sulphur dioxide and nitrogen oxides. We therefore need substantial investment in new electricity generation capacity if supply is to continue to meet demand reliably. *[Interruption.]* I seem to have the Obama problem with a fly.

New generation capacity will come from all generation types. Our renewable energy strategy, to be published before recess, will drive a step change in renewables deployment. We are taking steps to facilitate investment in nuclear, and we expect further applications for coal and gas power stations to come forward. Investment in new fossil fuel power stations is needed to provide sufficient generation capacity through the next decade and to provide flexible back-up to increasing levels of intermittent renewable generation. We cannot avoid the fact that fossil fuel power generation will continue to play a significant role in our energy mix for the foreseeable future, but we must also recognise the need to take steps to reduce emissions from fossil fuel power stations, both in the UK and—crucially—internationally. That is particularly important in relation to coal-fired power stations. Coal provided 41 per cent. of the world's electricity in 2006, and the International Energy Agency predicts that this could increase to around 44 per cent. by 2030. Yet it is the most carbon-intensive means of generation, with emissions from the UK's existing coal power stations in 2007 averaging 940 kg per MWh, compared with 400 kg per MWh from our gas power stations.

Any credible strategy for tackling climate change must address effectively the challenge of reconciling nations' energy security needs with the urgent need to tackle global carbon emissions. This is where carbon capture and storage technologies have a crucial role to play. By capturing, transporting and safely storing the carbon dioxide produced by power stations, CCS technologies can reduce power station emissions by around 90 per cent. The International Energy Agency estimates that the global costs of tackling climate change would increase by 70 per cent. without the availability of CCS as a proven technology for reducing emissions.

However, CCS is not yet commercially deployable. Each of the different stages has already been demonstrated successfully over a number of years. Capture technologies are already deployed commercially in industrial processes, albeit on a smaller scale than that required for a power station, and 3,000 km of pipelines are currently used to transport about 20 million tonnes of carbon dioxide a year for use in enhanced oil recovery in the US and Canada. A number of significant projects are demonstrating the safe storage of carbon dioxide in geological formations, including a project that has been storing carbon dioxide under the North sea since 1996, and one in Canada that has been storing around 2.8 million tonnes a year since 2000. But there are no operational projects demonstrating the full chain of technologies in a commercial-scale power station, and it is this transition to commercial scale that is the critical next step.

We have made significant progress in the UK on putting the framework in place to support CCS. In the Energy Act 2008, we introduced one of the world's first legal regimes to permit the permanent storage of carbon dioxide in geological formations under the sea. Following a consultation exercise last summer, in April this year we announced a requirement that all new power stations in England and Wales will have to be carbon capture ready—I appreciate that this is the crux of our debate—in order to gain consent for construction under section 36 of the Electricity Act 1989.

Gregory Barker: Will the Minister give us an absolute definition of this much bandied-about term "carbon capture ready"? When I was in California, someone told me that their driveway had been Ferrari ready for years and years, but the Ferrari had still to arrive. What does the Minister mean by carbon capture ready—not building on the car park?

Mr. Kidney: I would ask the hon. Gentleman to be patient while I make a bit of progress. If I have told him that there is no commercially scaled-up project in the world, how can I then tell him what a future scheme will look like? It means as a minimum, and as the hon. Member for Cambridge (David Howarth) said, ensuring that there is space for the technologies to fit into, that the connections are in place to make the transportation and storage part of the process work, and that the building design itself is capable of taking the addition at a later stage of the carbon capture technology. What this means for developers is that they will have to leave sufficient space for the carbon capture equipment; they will have to demonstrate that it is feasible to retrofit the equipment; and they will have to identify a suitable offshore storage site and demonstrate that it is possible to transport the carbon dioxide from the power plant.

Simon Hughes: We could all probe this issue all afternoon, but we will not. Let me ask the Minister the reverse question: why do the Government baulk at the idea of telling producers, "You must have this in place"? We all know where the science, technology and development is, so if the crisis in the science is so grave, what is the difficulty in saying, "Sorry, guys, but the next generation has to comply—go to it"?

Mr. Kidney: If the hon. Gentleman had read the consultation document, he would agree that it is an unfair characterisation of the Government's position to say that we baulk at imposing a standard. The document sets out some of the risks involved in setting a standard—or certainly setting it before having undertaken appropriate consultation and assessment of the likely outcomes. Would not the hon. Gentleman agree that it would be a risk if we set a standard that deterred anyone from investing in these technologies at this time, especially if they could either postpone the investment completely or make it somewhere else where the same standard had not been set at the same time? There are risks of proceeding in an ill-considered way, which is the whole point of asking for the consultation to be completed before we legislate—or before we take the necessary decisions, if they can be taken without primary legislation, which is possible. That is why we should hold our horses—at least for today.

In November 2007, we became one of the first countries in the world to launch a competition to select a commercial-scale carbon capture and storage demonstration project, with Government support.

David Howarth: I am trying to follow the logic of saying, "We should not proceed with this Bill today, because the consultation that might result in doing the same thing is going on at the same time." The Bill allows the Secretary of State to set the maximum level. I can see an argument for saying that we should not set the maximum level today, but the Bill does not do that—it allows the Government to do that. Why not let the Bill go into Committee, which would allow further progress to be made in October after the consultation comes to an end, so that we could then get on with it quickly rather than wait for a new Bill in the new Session, which might not get through Parliament before the election?

Mr. Kidney: It seems to me inappropriate for any legislature to proceed on the basis that if it pops in place permissive powers for the Government to take action in advance, those powers might be made use of one day in the way that was contemplated on the day the permission was given. Surely it is appropriate to conclude what the policy is first—rather than put the cart before the horse—before proceeding with the necessary legislation, although the hon. Gentleman will have heard me say a few moments ago that some actions urged on me today might not require primary legislation. It is sensible to decide the policy first and the actions that flow from it, and then take those actions. That is the Government's position in their opposition to the Bill today.

David Howarth: It is not a case of putting the cart before the horse; it is a question of whether the Government have a horse at all. The Bill allows them to have a horse, and they can change the cart later.

Mr. Kidney: In that sense, we have the horse. We will have an energy Bill in the fifth Session in any event. It is possible, however, that we will not need to take the horse out of the stable because we have the powers already. I am sure Members have got my drift and understand my synopsis. The argument is about prematurity, not technical defectiveness, as the hon. Member for North Southwark and Bermondsey pointed out earlier.

We have also been working actively in the global arena to ensure that the UK's efforts are part of an international effort to prioritise the development and deployment of CCS. We were instrumental in securing EU funding to support a programme of up to 12 EU demonstration projects and a G8 commitment to launch

[Mr. Kidney]

20 demonstration projects by 2010. The UK has also led the EU approach to the development of a commercial-scale CCS project in China, providing up to £3.5 million for a technical study which will be completed by autumn this year and will inform the demonstration and development of CCS in China. Earlier this week, I had the great good fortune to meet the team of officials in my Department who are doing that work with the authorities and the Government in China. Their expertise, enthusiasm and commitment to the project are deeply impressive.

However, progress is still not being made quickly enough if CCS is to achieve its potential in tackling emissions from power stations within the time frame required to prevent dangerous climate change. That is why the Government published, on 17 June, a consultation paper containing proposals for a new regulatory and financial framework to drive the development of clean coal. The consultation remains open until the date that I did remember correctly earlier: 9 September.

What we propose would provide financial support for up to four commercial-scale CCS demonstrations here in the UK, require any new coal power station in England and Wales to demonstrate CCS on a defined part of its capacity, and require new coal power stations to retrofit CCS to their full capacity within five years of its being independently judged technically and economically proven. I said earlier that the technology had not yet been established on a commercial scale anywhere in the world, and, as I am sure Members appreciate, there is more than one technology. It is not yet clear which will become the defining technology for the future. The fact that we can have a range of demonstration projects in this country, in the European Union and around the world will enable us to test the various possible technologies more fully.

As Members will know, the first of those technologies is called pre-combustion capture. Carbon is extracted from the fuel before it is burned, which means that the fuel must first be "gasified" by being heated in only small amounts of oxygen. That produces "syngas", which is primarily a mixture of carbon monoxide and hydrogen. Steam is then added to convert the carbon monoxide to carbon dioxide, producing additional hydrogen. The carbon dioxide can be chemically separated, leaving hydrogen that can be used as a "clean fuel" in a power plant, as a fuel for vehicles, or for other chemical processes. Only a few integrated gasification combined cycle coal plants exist, as they are not yet an established technology, and all those that do exist are without CCS.

Capture of carbon dioxide through the second technology, oxyfuel-combustion, involves burning fossil fuels in almost pure oxygen rather than air. The oxygen is obtained through the removal of nitrogen and other gases from air, which is 79 per cent. nitrogen by volume. Burning the fuel in oxygen results in a flue gas of almost pure carbon dioxide and water vapour. The carbon dioxide can then be separated relatively easily from the mixture for transportation and storage.

The third technology is post-combustion CCS, in which the carbon dioxide is removed after the fuel has been burned, just before the combustion products are released in the atmosphere. A chemical solvent is usually used to capture the carbon dioxide from the flue gas. Subsequent heating of the mixture allows the solvent to be recycled as it frees the carbon dioxide to be compressed, transported and injected into a storage site. This technology is particularly suited to retrofit applications, which is the main reason why it was selected for the first UK-based CCS competition.

Our consultation also discusses the merits of an emissions performance standard, which brings me back to the details of the Bill. The Bill would require the Secretary of State to introduce an emissions performance standard for all power stations—coal, gas and oil—that would specify the maximum amount of carbon dioxide that could be emitted per unit of electricity generated. The details of the standard would be set out in secondary legislation.

Emissions performance standards have long been used to regulate emissions of other pollutants. For example, the first Europe-wide limits on air pollutants from motor vehicles were introduced as long ago as 1970 and the large combustion plants directive, which sets limits for sulphur dioxide and nitrogen oxides from power stations, has been in force in one form or another since 1990. That directive and the more general integrated pollution prevention and control directive, which is also based on the setting of emission limit values for various pollutants, are to be subsumed by a comprehensive new, revised and consolidated EU directive: the industrial emissions directive, which is at an advanced stage of negotiation, and may have an impact on plant closures in about 2020.

Using an EPS as a tool to tackle carbon dioxide emissions from power stations is certainly an idea the Government consider worth exploring, particularly in relation to coal-fired power stations. Several US states have already introduced an EPS for power generation. For example, California and Washington have introduced an EPS based on emissions levels from gas-fired power stations for new base-load generation. Proposals have also been put forward at the federal level through the US Clean Energy and Security Act that I mentioned at the start of my speech, although the legislation has yet to complete its passage. Page 35 of the consultation document contains a very useful description of the American legislative attempts to set EPS standards; it sets out the position in California, Oregon and Washington, as well as giving more details about the Clean Energy and Security Act.

An EPS can be absolute, so that a power station is expected to meet the standard at all times, or it can be averaged over a period of time, so the power station has to ensure that emissions meet a specified average over a year, for example, or a lifetime. Our consultation document sets out two broad approaches to the possible use of an EPS as part of the regulatory framework. One approach would reflect the development of CCS technologies, ensuring that the timing and level of any EPS implementation was linked to progress made on CCS. This would mean setting an initial EPS at a level that would support CCS demonstration and then, once CCS was proven, tightening the standard to a level that supported retrofit.

The second approach would be to set the EPS in advance of demonstration of CCS technology; that is the approach urged on me by the right hon. Member for Ross, Skye and Lochaber. This would mean setting an EPS with a downwards trajectory for emissions in line

with climate change objectives. Our consultation also looks at the critical issue of the level at which the standard should be set in either scenario.

Our proposal is that if an EPS is introduced, it should be based on average emissions over a period of time, possibly with a maximum emissions level that could be tightened for individual sites if they were judged technically and economically able to meet that standard. In setting a maximum level, there are various possible approaches. One of them is linking the standard to emissions of gas power stations. This would create a level playing field for coal and gas power stations in terms of emissions. Very high levels of co-firing with biomass could take coal power stations some way towards meeting such an emissions level, but in practice they would need to fit CCS.

An alternative approach is to link the standard to the minimum achievable emissions at each site while allowing economic operation of the plant, based on an assessment of best available techniques. Until we know more about the operation of CCS on a commercial scale and future carbon prices, it is difficult to make an informed judgment about what this level might be.

Another option is to link the standard to modelling projections of the contribution that reductions in emissions from power stations could make to delivering climate change goals. In this case, assumptions would need to be made about factors such as the carbon price and the availability and costs of options for reducing emissions across all sectors.

Gregory Barker: That is a very helpful canter through the consultation document, but can the Minister say that he does not anticipate arriving at a conclusion whereby there would not be some form of EPS? Will he say that the Government are committed to the EPS in principle, even if he cannot specify to which particular scheme or number they will attach themselves?

Mr. Kidney: I thank the hon. Gentleman for showing such an appreciation of my summary of the consultation document. He will notice that in none of the options I proposed is there not to be an EPS in one form or another. I hope that in a moment I shall be able to discuss contingencies in case CCS is not proved on a commercial scale by 2020—our ambition is that it will be—and even in such circumstances the EPS may well have a role to play.

Another key issue in the development of a position on an EPS is an understanding of how it would fit with the EU emissions trading scheme. At the moment, the ETS is the only mechanism for controlling emissions of carbon dioxide from our power stations and other large industrial installations. Whatever measures we wish to take in the UK, the EU ETS will remain the central measure for reducing emissions throughout Europe. It is therefore essential that any approach to an EPS in the UK ensures that it complements the EU ETS and is fully consistent with EU law and policy throughout the rest of the European Union.

The Bill suggests that the EPS should be implemented through the development consent process. That is certainly one option, but there are others. Our consultation set out two options for implementing an EPS in order to implement a requirement to retrofit CCS technologies once the technology has been assessed as proven. In both cases, the Environment Agency would take a leading role. In the first option it could use the environmental permitting regime that it already uses to limit emissions of other harmful gases, such as sulphur dioxide and nitrogen oxides, in setting an EPS. Operators would have the flexibility to determine how to meet the set standard, and could take actions such as co-firing with biomass, improving operational efficiency or fitting CCS or any other new emissions-reducing technologies that might be developed. Alternatively, in the second option, the Environment Agency could simply specify in the environmental permit that the power station has to fit, or retrofit, the CCS technology and operate it.

If an EPS is to be effective in helping to achieve our climate and energy security objectives, a full analysis of the various options and their impacts on the energy mix has to be undertaken. A full consultation process is an integral part of gathering the evidence required for such an analysis, which is why we included the discussion of an EPS in our consultation on the framework for the development of clean coal. I was sorry that the hon. Member for Bexhill and Battle, who speaks for the official Opposition, appeared to take against consultations, given that they are such a valuable part of the process in ensuring that we get the law right.

Supporting this Bill would cut across that consultation. Although we are keen to take the most effective action that we can to encourage the development and deployment of CCS technology as quickly as possible, it would be premature to legislate now to impose an EPS. In addition, as I have outlined, there are a number of significant policy issues still to be worked through before it will be possible to take an informed decision about whether an EPS is the most effective approach to driving the transition to a diverse and secure low-carbon energy supply; about when and how an EPS should be introduced if it is found to be the most effective approach; and about its effect on other existing EU measures, including the EU ETS, to which I have referred.

It is also important to ensure that we have a comprehensive framework in place to support the development and deployment of CCS technologies in order to reduce emissions from our power stations. This is why our consultation covers a range of proposals, not just the EPS itself.

The right hon. Member for Ross, Skye and Lochaber was on the money, as the hon. Member for Bexhill and Battle said, about the timeliness of this debate and his proposals. He is right to press the Government on taking action sooner rather than later. I enjoyed the Gaelic humour over the word "mañana" and it is interesting how something that I said in one debate about not being able to wait for tomorrow was used against me in the very next debate. However, I hope that the right hon. Gentleman will agree that the Government have the right sense of urgency about doing what he wants us to do, although we are determined to do it right.

The hon. Member for Cambridge is no longer in his place, but he was right to say that the carbon price has not yet developed under emissions trading in the way that was anticipated. I told him of the actions that we are taking to try to put that right for the future. The hon. Member for Bexhill and Battle let party politics creep into his contribution a little too much. In the first debate, we all said how important a long-term cross-party approach would be, so it does not help to take cheap

[Mr. Kidney]

shots at the Government and say that we have had to be dragged kicking and screaming towards a policy position. We have reached that position without any help from him and his colleagues, thank you very much.

I have been urged on more than one occasion to travel to California, no doubt in a carbon-emitting aeroplane. When I served on the Joint Committee that carried out the pre-legislative scrutiny of the Climate Change Act 2008, we heard from representatives of the administration in California by live video link. I shall obtain information from those representatives in that form in the future, and keep my emissions as low as possible.

I agree with the hon. Member for Bexhill and Battle that it is important to get this policy right and ensure that we give long-term, stable signals to the market to provide confidence for private sector investment in what is not yet commercially proven technology. It is important for the Government to show their commitment at the beginning so as to start the process, which is why Government support for the demonstration projects is an important part of the whole. I agree also that it will be crucial in international negotiations to be able to engage on the basis that CCS will be an important method of reducing carbon emissions in the future, especially in those developing countries that are so reliant on coal as part of their energy mix.

We want to be at the forefront of the technology for CCS, because it offers huge potential for jobs and exports in the future. As the hon. Gentleman says, huge sectors of the Chinese economy are dependent on burning coal in power stations. The world has hundreds of years of stocks of coal, so we have to get CCS or similar technologies fitted in this country and others around the world if we are to keep emissions low. Of course, no amount of legislation here will make China take such action: it is the international negotiations that will be important in reaching that position. The hon. Member for North Southwark and Bermondsey made the same point about China and developing countries that are so reliant on coal as an important part of their energy mix.

In conclusion, this Bill raises an important issue and I welcome Members' contributions to the debate. I trust that we will continue to have the debate as we develop our policies over the coming months. I hope hon. Members will agree that the Bill is premature at this stage, and I ask the right hon. Member for Ross, Skye and Lochaber to withdraw his Bill, now that we have had such a useful debate. I wish to end where I began, by referring to the meeting that I had with him and representatives of the WWF recently. I told them that this is an important issue and we want to ensure that we have everyone's support. We must take the right arguments into account, and I suggested that we meet again in the autumn to discuss—I hope—the Government's position on the responses to the consultation and in the light of a new energy Bill. Clearly, we now know that both of those things will happen. There will be responses to the consultation, because it has already been launched, and we have now heard that there will be a fifth Session energy Bill.

Let me say to the right hon. Gentleman, as my personal commitment at the end of this debate, that I look forward to meeting him and the representatives of WWF who came with him last time later this year.

1.30 pm

Mr. Charles Kennedy: May I thank the Minister—

Mr. Deputy Speaker (Sir Michael Lord): Order. The right hon. Gentleman must say, "With the leave of the House," to respond—*[Interruption.]* He should ask the leave of the House.

Mr. Kennedy: With the leave of the House, Mr. Deputy Speaker—I have now forgotten what I was going to say.

I want to thank the Minister for his characteristically courteous and, on today's evidence, characteristically thorough reply to the debate. He has not quite matched the record that he set earlier this morning, but he is not far off. Although I have one hour left at my disposal, I can assure him that I do not intend to make use of it.

As the Minister quite fairly said, if we go back even a few months to January, when the Bill was first introduced, we can see that things have moved on a lot. They have even moved on a lot in the past two weeks, on the principle that a week is a long time in politics—I think that our meeting took place a week ago last Monday, and things have moved on quite a lot since then. However, I think he was perhaps being a bit unfair. He said that three great developments had taken place: first, the publication of the "Road to Copenhagen" document; secondly, the legislation, in so far as it has been enacted, in the United States; and, thirdly, the welcome confirmation that there will be an energy Bill. There is of course a fourth development, which is today's debate. We should not knowingly undersell the global impact that we seek to have.

There is movement, and that is to be welcomed. I take on board the Minister's point that there is not necessarily a disagreement in principle, as things stand at present, with what the Bill proposes, as we know from the early-day motion and from what has been said today. We have heard helpful and welcome comments from the Conservative spokesman, the hon. Member for Bexhill and Battle (Gregory Barker), whom I thank, and from my hon. Friends the Members for Cambridge (David Howarth) and for North Southwark and Bermondsey (Simon Hughes). Members of the Labour party and other parties have also expressed their concerns, not orally today but in other forms, on the Order Paper. Let us see how things progress as we move towards the autumn.

Let me draw one comparator from the 1980s, in reference to a point that was raised more than once in the debate. It concerned acid rain regulation. I remember that there was quite a debate in the House at that point about how best to go about tackling it. The Government had a target to fit coal-fired power stations with sulphur scrubbers, as they were known. The opportunity was repeatedly missed because the framework, the Government of the time said, was not firm enough. Despite the fact that public funding was made available for the new technology, the power companies were able to delay and it was only when an EU directive came into place mandating the technology that in the late 1990s, lo and behold, the companies found the money and the technology was introduced.

As was said in the debate on the Green Energy (Definition and Promotion) Bill, in public policy as well as in private behaviour there is a need for a degree of the

carrot-and-stick approach. However, I hope that the Government will not resile in due course from setting firm dates and setting them as soon as possible.

In conclusion, I hope that that this has been a useful and timely contribution to an ongoing, fundamentally important issue. As well as WWF, to which the Minister has been kind enough to refer on several occasions in the context of the meeting that took place, the cause has had the support of the Royal Society for the Protection of Birds, Greenpeace, the World Development Movement, Christian Aid and ClientEarth. One reason that so many Members, in such numbers, signed the early-day motion is that the constituent members of many of those organisations have been lobbying their MPs to try to secure their active support for what is being proposed. That having been started, it certainly will not go away in the next three or four months, which will take us until after the consultation period; I say that with a view to the next Queen's Speech, assuming that this Parliament gets that far. On that basis—I hope I get my terminology correct on this occasion—I beg to ask leave to withdraw the motion and the Bill.

Motion, by leave, withdrawn.

Human Rights Act 1998 (Meaning of Public Authority) Bill

Second Reading

1.35 pm

Mr. Andrew Dismore (Hendon) (Lab): I beg to move, That the Bill be now read a Second time.

The purpose of the Bill is to ensure that when the private sector carries out public functions—for example, by providing contracted-out services—the Human Rights Act 1998 will apply. This is my third attempt to introduce the Bill. That pales into significance when one considers that I am on my seventh attempt with the Crown Employment (Nationality) Bill. The persistence with which I keep bringing back the Human Rights Act 1998 (Meaning of Public Authority) Bill shows its importance and the fact that the problems have not gone away.

The Bill seeks to reinstate unambiguously the wide interpretation of "public function" that was understood to be the meaning of section 6 of the Human Rights Act 1998 when it was first passed. That interpretation has now been cancelled out by court judgments. My intention is to ensure that human rights protections apply comprehensively, directly and consistently to all those who receive public services from private providers, including the most vulnerable members of our society. The Joint Committee on Human Rights, which I have the honour to chair, is extremely concerned about the issue and continues to press the Government to resolve it.

The Human Rights Act brought home the rights set out in the European convention on human rights. Previously, British people had to go to Strasbourg to challenge breaches of their human rights. However, the protection of the Act has been less comprehensive than Parliament intended because of our judges' interpretation of the meaning of "public function". Under section 6, it is unlawful for a public authority to act in way that is incompatible with a convention right. The Act states that a public authority includes

"any person certain of whose functions are functions of a public nature".

During the passage of the Human Rights Bill, the then Home Secretary and then Lord Chancellor made clear that privatised or contracted-out public services were intended to be within the Bill's scope. We were told that the "public function" definition emphasised the functions rather than the institutional status of the body performing them. Since the Act came into force, a series of court cases has considered whether a specific private company or organisation that provided services came within the ambit of the Act. The result has been to disregard utterly the wide interpretation that was originally intended, and to exclude the private sector completely.

In 2002, the local authority-funded residents of a care home run by Leonard Cheshire, a private charity, wanted to challenge the decision to close their home. They claimed that the decision broke their right to respect for their home under article 8 of the European convention. The Court of Appeal found that the care home was not a public authority under section 6, so the residents could not enforce their rights, even though the council still had its obligations to them. In a more recent case, now known as the YL case, the Law Lords put the matter beyond doubt.

[Mr. Andrew Dismore]

YL was an 84-year-old lady with Alzheimer's. The council in Birmingham organised her care in a private home. Her family raised concerns about her treatment, and as a consequence, the home gave Mrs. YL 28 days' notice to quit. Care home residents have no security of tenure whatever. That is perhaps a more important separate issue. There was evidence that Mrs. YL's condition would deteriorate if she was transferred to an unfamiliar setting, so the decision to evict her was challenged under section 6 of the Human Rights Act. However, the Law Lords ruled that care homes run by private companies, even when they have a contract for the placement of residents at public expense, are not public authorities for the purposes of the Human Rights Act.

In 2004, the Joint Committee on Human Rights concluded that the test being applied by the courts in such cases was "highly problematic". It resulted in many instances in which an organisation stood in the shoes of the state but did not have the state's legal responsibilities under the Human Rights Act.

David Howarth (Cambridge) (LD): I congratulate the hon. Gentleman on his persistence in bringing back the Bill, which I fully support; I have said so publicly, in debate, on several occasions. In fact, I support it so much that I might not even bother to try to catch your eye, Mr. Deputy Speaker. That will give the Minister more time to explain the Government's position. May I ask the hon. Gentleman about the YL case? In that case, the local authority arranged for the client to go into the home, but its duties under the National Assistance Act 1948 did not really go beyond that. Is it his intention, in this draft of the Bill, to reverse the YL case as well as the Leonard Cheshire case?

Mr. Dismore: The responsibility of the local authority went beyond arranging the client's care. The local authority was also paying for it. The consequences in the YL case have been rectified, as I shall describe in a moment.

The point that I was making was that without the state's legal responsibilities under the Human Rights Act, there was a serious gap in the protection that the Act was intended to offer. The judgment in the YL case made matters worse, creating a problem with immediate practical implications of much wider significance, because so many services previously delivered by public authorities are privatised or contracted out. The case of Mrs. YL was resolved amicably and to the family's satisfaction after the decision of the House of Lords. As far as she was concerned, there was no longer a problem, but the issue remained until recently.

The implications of the YL case extend across the range of especially vulnerable people in society—not just elderly people in private care homes, but tenants in housing association properties, those with physical or learning disabilities, or looked-after children, for example. In November 2005 the Government published guidance to local authorities on contracting in the light of the Human Rights Act. My Committee found that guidance alone could not solve a problem, and the guidance has proved utterly useless. It dissuaded procurement officers from taking a positive approach. No model process was recommended, nor model or standard contract terms.

The guidance was badly written and difficult to follow, and was unpublicised. It lacked accessibility. It was written in highly technical language and was difficult to understand. It was hard to find, hard to follow and did not give any practical examples. There were no mechanisms in place to monitor the impact on procurement. Local authorities were generally unaware even of the existence of the guidance. Guidance can never be a substitute for the direct application of the Human Rights Act to service providers.

The Government strategy of intervening in court cases has also proved utterly unsuccessful, following the YL judgment. The legal position for other services is now extremely uncertain and must not be left to the vagaries of judicial interpretation. There is an urgent need to ensure that our human rights law clearly and unambiguously protects vulnerable people. My Committee's report on the treatment of the elderly in hospitals and care homes drew attention to appalling evidence of woeful neglect, lack of dignity and respect, and ignorance of the human rights of the elderly.

The then Under-Secretary of State for Health, my hon. Friend the Member for Bury, South (Mr. Lewis), who had responsibility for care services, and the Minister of State, Ministry of Justice, my right hon. Friend the Member for North Swindon (Mr. Wills), who has responsibility for human rights, both agreed that the position was anomalous and should be addressed. My hon. Friend the then Under-Secretary of State for Health told me in a written answer on 13 November 2007:

> "Publicly funded residents of private residential and nursing homes should be covered by the 1998 Act and I believe that that was Parliament's original intention . . . I shall consider what instructions we can give to the regulator to ensure that homes, including independent-sector homes, are regulated on the basis of their meeting the requirements of the 1998 Act."—[*Official Report*, 13 November 2007; Vol. 467, c. 526-27W.]

In evidence to my Committee two years ago, my right hon. Friend the Minister with responsibility for human rights said:

> "We will start addressing this issue in the consultation process on the British Bill of Rights and Duties which is beginning early in the new year"—

that is, early in 2008. As we now know, that did not happen. The consultation on the Bill of Rights still has not begun, though the Green Paper has been published. Hopefully the consultation will begin later in the year.

However, we also now know that the consultation will not include this issue. We are now told that it will be the subject of a separate consultation. During last Thursday's debate in Westminster Hall on my Committee's report on the UK Bill of Rights and Freedoms, I was told by the Minister with responsibility for human rights that the consultation would begin "soon", but he would not be drawn on what "soon" meant. That is the sort of language that we hear from Ministers who want to be relatively vague. When the Under-Secretary of State for Justice, my hon. Friend the Member for Lewisham, East (Bridget Prentice), replies to the debate, perhaps she can tell us whether "soon" means before the recess.

My hon. Friend the then Under-Secretary with responsibility for care services referred to regulators, but I am not persuaded that the problem can be rectified in that way. The Health and Social Care Bill provided the opportunity to address the specific anomaly identified in the YL case. The Government accepted my Committee's

arguments that the Bill should be amended to ensure that providers of health and social care should be brought within the Human Rights Act, and that indeed happened.

Although that approach provided a short-term fix for the immediate victims of cases similar to that of YL, however, it did not resolve the underlying bigger and wider issue. We need a legislative solution to achieve the broad scope of the Human Rights Act originally envisaged by Parliament. In the absence of that comprehensive approach, every time there is a Bill that creates powers to contract out services, there is interminable and regular correspondence to departmental Ministers from me, on behalf of the Joint Committee on Human Rights, seeking assurances that the Act will apply. I am forever tabling amendments on behalf of my Committee to ensure that the application of the Human Rights Act to the service concerned is debated and considered.

There is also regular litigation. The more recent case concerned the applicability of the Human Rights Act to privatised custody transport services and the rights of detainees in immigration removal centres. I understand that the case has now been settled, but the terms of the settlement are not clear. Given that one of the defendants was the Home Office, perhaps the Minister can enlighten us on what the terms of the settlement actually were.

David Howarth: I thank the hon. Gentleman for giving way a second time. There is another problem. If he is forced to try to amend each Act one at a time, the courts might say that that confirms their general approach that unless a particular Act gives an exemption or changes the rule in respect of itself, the general rule will be that the Human Rights Act does not apply—hence the great necessity for the hon. Gentleman's Bill.

Mr. Dismore: The hon. Gentleman makes an important point. In practice, the YL case has made that pretty clear anyway; I am not sure whether our having to amend Acts one at a time will particularly affect the outcome of any court cases. However, it is certainly time-consuming for my Committee, for me and the Departments concerned to have to consider the issue every single time and make sure that it is reflected in the explanatory notes, where it is usually forgotten about, or in amendments that usually end up being moved in the other place because the issue had not been thought about at an earlier stage.

The case of Weaver v. London and Quadrant Housing Trust, which is about the applicability of the Human Rights Act to registered social landlords, has been under way for two years. The High Court said that the Human Rights Act applied in housing management and lettings, a view more or less upheld in the Court of Appeal. Although no petition for permission to appeal has been lodged with the House of Lords, I understand that such a move is likely to follow. If there is a Lords appeal, will the Government seek to intervene—and if so, on which side?

Yesterday, I spoke at the British Institute of Human Rights seminar on the applicability of the Human Rights Act to private sector providers. At the start, we saw a video of a disabled person who had been forbidden to take his disability scooter on the Newcastle metro, which has a blanket ban on them. He has no way of challenging that; if the Human Rights Act applied to contracted-out public transport, which of course is a public service, he would have had a remedy to question that questionable decision. I ask the Minister what his remedy would be in other circumstances.

In their evidence to the Joint Committee on Human Rights inquiry into business and human rights, the Government said:

"It is clear both in law and practice when a function should be considered a function of a public nature. It is only at the very margins of the concept that certainty may not exist. However, such marginal uncertainty would be an inevitable consequence of the duty having been defined in any manner other than by reference to a list of those subject"

to the Act. That was certainly not the view of those at the seminar yesterday—people who are very involved in the issues. I certainly do not agree that the current position is clear. If it were, litigation on mainstream issues, such as the position of prisoners or tenants of registered social landlords, would not occur; they are major, mainstream issues. Even if the issue were at the margin, which I do not accept, the clearer definitions would at the very least reduce the level and extent of uncertainty.

My Bill adopts the approach suggested by the eminent jurist, Baroness Hale, in the minority judgment, with Lord Bingham, on the issues in the YL case. The judgment sets out a list of factors that should be taken into account. Clause 1 sets out that list of criteria, against which a given service can be judged—the "function", in Human Rights Act language—to determine whether the body delivering that service is a public authority, for the purposes of the Human Rights Act. Clause 2 makes it clear that the service—not the legal status of its provider or the basis of the arrangement under which it is delivered—is the determining factor. That provides a simple solution to what is a simple problem to resolve.

In June 2006, the then Lord Chancellor made the extraordinary proposition that a "widening" of the definition of "public authority" could have the effect of driving private providers out of the market. I say that it was extraordinary, because it would be not a widening of the definition but on all fours with what Lord Irvine of Lairg, the then Lord Chancellor, told Parliament was intended when the Bill was before it.

Moreover, the appalling implication is that users of services contracted out to the private sector are not to have the right to challenge human rights abuses in our courts. That makes them second-class citizens—and in growing numbers, as local authorities continue to contract services out. The contractor's commercial interests are put before the decent treatment of the vulnerable. I hope that that is not the official position of the Government at present. Indeed, that position was rejected by the former Prime Minister, Tony Blair, when I questioned him about it during a Liaison Committee meeting in February 2007. The Government should not toy with the idea of settling for narrowing the scope of the Human Rights Act in any sector.

As I said, I proposed similar Bills in the previous two Sessions. On Second Reading the first time round, the then Minister, my hon. and learned Friend the Member for Redcar (Vera Baird), said:

"We are committed to taking action this year".—[*Official Report*, 15 June 2007; Vol. 461, c. 1047.]

When I pressed her, she said that she meant "this calendar year". I am disappointed that despite that commitment, more than two years later there is still no

[Mr. Dismore]

decision on how to resolve the chaos of the YL case and no plan for legislation to solve the problem comprehensively. Time is of the essence for vulnerable people who ought to benefit from the full protection of the Human Rights Act but are currently denied it, no matter who provides the public services to them. The Government are not moving quickly enough to deal with this problem. I therefore hope that the House will give my Bill a Second Reading today.

1.50 pm

Mr. Jonathan Djanogly (Huntingdon) (Con): I congratulate the hon. Member for Hendon (Mr. Dismore) on his persistence in supporting his cause, although we shall not be supporting him on this occasion.

Previous incarnations of this Bill and its subject matter, including the lengthy deliberations on the definition of a "public authority" by the Joint Committee on Human Rights, have often focused on whether private care homes come under the definition of a public authority when providing care to an elderly person funded by the local authority pursuant to its statutory duties. Conservative Members supported the concept of extending the definition to private care homes in that context. However, we have reservations about the scope of this Bill, as it goes much wider, with an unknown regulatory impact on private bodies engaged in public functions.

Let me go into a bit of the background. Section 6 of the Human Rights Act 1998 makes it illegal for public bodies to act in a way that is incompatible with a convention right. The definition of a public body is a broad one, and includes a court or tribunal and

"any person certain of whose functions are functions of a public nature".

The Act allows a person who claims that a public body has acted, or proposes to act, in a way that is made unlawful by section 6 to bring proceedings against the body under the Act. However, they can do so only if they are, or would be, a victim of the unlawful act.

Mr. Dismore: The hon. Gentleman referred to the need for an impact assessment. As my Bill proposes what was the original intention of the Human Rights Act, the original impact assessment for the Human Rights Bill, as it then was, will be exactly the same as it would be for this Bill.

Mr. Djanogly: I think that this Bill significantly extends the issue, and we would certainly want to see a full impact assessment were it to be taken any further.

When the Human Rights Act was passed in 1998, it did not seek to specify an exact list of what constituted a public authority. A large number of cases since then have been involved with privately run care homes that are subcontracted to provide local authority care. As the hon. Gentleman said, in the case of YL *v.* Birmingham city council in 2007, a majority of the House of Lords held that a private residential care home was not performing a public function for the purposes of the HRA when providing services to an elderly person funded by the local authority pursuant to its statutory duties. However, I appreciate that the Joint Committee on Human Rights has consistently taken the view that it was clear from the HRA that this was meant by Parliament in 1998 to be included within the Act's definition of public function.

The Health and Social Care Act 2008 reverses the effect of the YL judgment on care homes. It states that any person who provides accommodation with nursing or personal care in a care home for an individual under arrangements made under the relevant statutory provisions is to be taken for the purposes of subsection (3)(b) of section 6 of the Human Rights Act to be exercising a function of a public nature in doing so. Given the changes in the 2008 Act, it seems to us that this proposal is a significant proposed extension of the scope of the HRA.

As the hon. Gentleman said, according to the Joint Committee on Human Rights, of which I appreciate he is the distinguished Chairman, there is an unresolved problem with the meaning of public authority in the Human Rights Act, which should be able to be resolved by passing the Bill. However, it is clear that questions remain unanswered about amending or clarifying the meaning of the term, and they prevent us from supporting the Bill.

There needs to be clarification of which bodies would be likely to be caught by the extension of the definition. Is the hon. Gentleman sure that what he described in his opening remarks covered the Bill's scope fully? Many private bodies receive state funding. If the Bill were passed, would an employee of one of those bodies be able to use rights under the Human Rights Act in employment cases? It is clear that Parliament did not intend that publicly funded residents living in private sector establishments would not be covered by the Act.

Questions have to be answered about the scope of the Bill. There is a risk that any care provider involved in a private transaction could be brought within the scope of the Human Rights Act.

Mr. Dismore: Will the hon. Gentleman expand on that? I fail to see how that could be the case. There is an argument among those involved in the care homes fraternity and relevant non-governmental organisations that it should be, but my Bill has been drawn up to ensure that that does not happen, as was the previous change in the law in 1998. That is another issue to consider, but my Bill is not intended to address it.

Mr. Djanogly: I am pleased that the hon. Gentleman makes that clarification, but we have concerns and do not want uncertainty. We do not want a pharmacy, or even a bank, to come within the definition of "public authority" in relation to the Human Rights Act. It is clear that Parliament did not intend that to be the case when the Act was passed, and if we accepted the Bill we could be acting contrary to the intention behind the Act and introducing a whole raft of unnecessary regulation of private bodies engaged in some way with public functions.

I do not think that I need remind the House that since 1998, Labour's new regulations have cost the British taxpayer in excess of £76 billion. We would be negligent in our duty to protect the interests of the British people if we subjected them to further and unnecessary regulation, particularly as we have not had the opportunity to conduct in-depth analysis and scrutiny of the far-reaching proposals in the Bill.

It is clear to us that the Bill's scope is simply far too wide. The question is not simply whether a private care home comes under the definition of a public authority when providing an elderly person with care funded by

the local authority. The Bill has the potential to go much further, but the case for that has not been made. Parliament cannot afford to make a mistake about the meaning of public authority, and business cannot afford that either.

We must consider this important issue within the wider context. As far back as 2003, service providers expressed concerns about widening the definition. A number were worried that it would jeopardise both the perceived and actual status of organisations such as housing associations as being independent of Government. Furthermore, many service providers believe that by being labelled a public authority, they may be prevented from raising money outside Treasury controls, for instance.

We cannot simply redefine public authority in the broad manner that the hon. Gentleman advocates, especially as there is an extremely high risk that it will lead to unnecessary regulation of businesses that, let us face it, are in the grip of one of the worst recessions we have experienced. Conservatives must also assess his proposals in the context of the future Bill of Rights, with which we intend to replace the Human Rights Act.

To my knowledge, there has been no assessment of the costs of implementing this Bill. We believe that they would be significant. This is not the time to be putting a significant burden on business and on the taxpayer, particularly as no one knows what the cost will be and we are experiencing a deep recession. The truth about the real cost of widening the definition of public authority in the Human Rights Act must be determined before anyone can even contemplate supporting the Bill.

We support widening the definition of public authority to include private residential care homes where publicly funded patients are resident. However, the Bill goes much further, creates too many possibilities for labelling private sector enterprises as public authorities and does not take it into account that the cost in time and money for those private sector enterprises could be immense.

Mr. Dismore: The hon. Gentleman focuses on the cost to business. Has he considered the cost to the consumers of those services that businesses provide? The Human Rights Act requires, for example, elderly people and children in looked-after accommodation to be treated with dignity and respect. What cost is involved in that?

Mr. Djanogly: The hon. Gentleman should consider the cost not only to business but to the taxpayer, particularly as we are talking about the public sector. However, concentrating on the specific examples that he gave might be a better way of proceeding than through the general sweeper with which he has presented us today.

2 pm

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): The hon. Member for Huntingdon (Mr. Djanogly) finished so succinctly that I was almost taken unawares.

I congratulate my hon. Friend the Member for Hendon (Mr. Dismore) not only on securing Second Reading of a private Member's Bill, but on his persistence in pressing a particular issue. He has brought to the forefront of our minds the Human Rights Act 1998, and it was interesting to hear the hon. Gentleman put on record again that the Conservatives would abolish it and replace it with something else.

The Human Rights Act may be a technical document, but it is not a mere technicality. It is a difficult and sometimes sensitive subject and, for reasons that I shall detail shortly, I must tell my hon. Friend that I cannot support his approach in the Bill. However, let me make it clear at the outset that there can be no doubt about the importance of the issue that he has raised. I agree that it is fundamental to the operation of the Human Rights Act—that is why the Government are implementing an effective programme of action to tackle it. I shall explain that in detail in a moment.

I also want to put it on record that my hon. Friend is the Chairman of the Joint Committee on Human Rights. He has been an assiduous Chairman and a vocal champion in this House of human rights—a very good thing, too. Human rights matters are sometimes perceived as arguments that are best left to lawyers and judges—I am conscious of the fact that I am the only person speaking in the debate who is neither—and that may be why they tend to be raised more frequently in the other place. Through my hon. Friend's amendments to Bills, he has put human rights on the agenda of the elected House—where they belong, at the heart of our democratic process.

My hon. Friend's commitment is clear. He has raised the public authority question in connection with at least three Government Bills in this Session alone, and this measure is the third Bill that he has presented on the subject. Before I go into detail about the Government's response, I want to deal with some of the questions that he asked.

My hon. Friend asked about the commitment of my hon. and learned Friend the Solicitor-General to take action in the calendar year 2007 while in her previous post. Her commitment was fulfilled late in 2007, when the then Minister with responsibility for care services tabled an amendment to the Health and Social Care Bill to reverse the effect of the YL judgment.

My hon. Friend also asked whether the Government would intervene in the Weaver *v.* London and Quadrant Housing Trust case, should there be an appeal to the House of Lords. Obviously the detail of that case must remain sub judice, so it would be irresponsible of the Government to make a decision until we can assess what issues will be raised on appeal.

Mr. Dismore: If the Weaver case had been sub judice, I would not have referred to it. It is not sub judice, because the Court of Appeal has finished with it and there are no current proceedings unless and until there is an appeal to the House of Lords.

Bridget Prentice: My hon. Friend makes a perfectly valid point. My response to whether we would intervene in that case and on which side would very much depend on what issues were raised by an appeal. We would then have to assess whether any intervention would be merited. At this stage I cannot comment further on the case.

The third thing that my hon. Friend asked—I think that I am going to disappoint him again—was what the term "soon" meant when Ministers say that some consultation or other will take place soon. There is also the problem of the difference between "soon" and "in the near future", and other phrases of that ilk. The consultation on the subject that my hon. Friend has raised will take considerable time and effort if we are to

[Bridget Prentice]

do it properly. We therefore do not expect "soon" in this context to mean before the summer recess, although how soon the consultation will take place thereafter is another matter altogether.

Mr. Dismore: If "soon" does not mean before the summer recess, which most people would think it did, does it mean before we come back in October?

Bridget Prentice: My hon. Friend may be trying to lead me down a path down which, at this stage, I do not wish to go. As I have said, to do it properly the consultation will take some time to put together. I will, of course, come back to him and the House when I have asked my right hon. Friend the Minister of State, the Member for North Swindon (Mr. Wills) whether he can be more precise about how soon "soon" might be and, specifically, whether it will mean before the end of the recess or before the beginning of the next Session.

I pay tribute not only to the Chairman of the Joint Committee on Human Rights, but to the Committee as a whole. The scrutiny that it gives legislation is excellent and forms a vital part of ensuring that we take human rights fully into account when we make law in this place.

Mr. Dismore: I also posed my hon. Friend a fourth question. What remedies are available to the poor chap with the disabled scooter who is not allowed on the Newcastle metro because of its blanket ban?

Bridget Prentice: When I heard that, my initial reaction—the reaction that I think every Member of this House would have—was that it was an appalling decision by that organisation. Without being an expert on the subject or in a position to give my hon. Friend chapter and verse, I would have thought that there ought to have been some remedy through the Disability Discrimination Act 1995, if not the Human Rights Act 1998. Again, however, I shall be happy to look into that further, so that we can ensure that no one with a disability is prevented from travelling on what is, essentially, public transport, so that they are allowed to conduct their activities in the same way as those who are able bodied.

The Joint Committee's detailed reports do not always hit the headlines in the way that some other Select Committee reports do. Furthermore, the Government do not always agree with every opinion that it expresses. That is to be expected; the democratic debate would be all the poorer if that were not the case. However, I commend the Committee's expertise, and the attention that it gives to the detail of our legislation, because that clearly benefits the process of making legislation. That is why our Joint Committee is seen across Europe as a model of excellence that others look to and seek to emulate.

The Bill is functionally identical to the one that my hon. Friend introduced in December 2007. That Bill was not reached on the day that it was set down to receive its Second Reading in May last year, so I am pleased that, 13 months later, we now have the opportunity to respond to it. It would add an additional layer of interpretation to section 6 of the Human Rights Act 1998. It would not amend the Act, but it would sit alongside it. It is not entirely clear whether it would erase the existing case law on the interpretation of section 6, which I shall discuss later, or whether it is intended only to influence its future development.

Clause 1 sets out a list of factors that must be taken into account when determining whether a particular function is a function carried out by a public authority within the meaning of the Human Rights Act. My hon. Friend referred to the fact that two of the dissenting judgments had, in effect, given him that list of factors. Each of the eight factors is a test for the publicness, if you like, of a function. Clause 2 adds a further test for publicness, based on the involvement of public expenditure. The clause itself states that this test is for the "avoidance of doubt". However, the test is not consistent with the current jurisprudence on section 6, or with any conception of how section 6 was intended to operate.

As I said, the current Bill is, with a few exceptions, the same as that introduced by my hon. Friend in the last Session. Further to this, however, it is worth noting that it differs considerably from the first approach that he took to this subject, in a Bill that was introduced in January 2007. That Bill was debated on Second Reading in June 2007. It was a much shorter Bill than this one—I think that it was the one that the hon. Member for Huntingdon (Mr. Djanogly) felt more comfortable with—and instead of the list of factors and the additional test in clause 2, it had just one simple test, based on the contractual relationship of the body performing the function to a public authority.

The Solicitor-General, my hon. and learned Friend the Member for Redcar (Vera Baird)—then the Parliamentary Under-Secretary of State for Justice—responded for the Government in that debate, which took place just a few days before the decision of the House of Lords in the YL case, about which I shall say more later.

Mr. Dismore: My hon. Friend questioned my interpretation of the assurance given by my hon. and learned Friend the Member for Redcar, by saying that the Government had honoured that commitment by the action that they took in relation to the YL case at the end of 2007. As my hon. Friend has just said, however, the YL case was decided afterwards, so that assurance related to the generic problem, which remains unresolved, not just to the YL issue.

Bridget Prentice: I stand by the position that we believe that the amendment in the Health and Social Care Act 2008 responded to the issue that my hon. Friend raised at the time.

It might assist the House if I were to explain some of the background to the Bill. I want to do this because there is sometimes a perception that issues such as these are merely lawyers' arguments, and that they have no relevance to the everyday lives of people in this country. I hope, however, that this debate will help us to see that the Human Rights Act 1998, for all that it is misrepresented and criticised, is a vital piece of legislation. The issue that my hon. Friend raises through the Bill goes to the heart of it.

The European convention on human rights was agreed in the aftermath of the second world war. It drew its inspiration from the universal declaration of human rights proclaimed by the General Assembly of the United

Nations in 1948. The rights protected by the convention have a long British pedigree, rooted in the Magna Carta, the Habeas Corpus Act of 1679 and the Bill of Rights of 1689. Those rights form an essential part of our constitution and have been part of our common law for many centuries.

Sir Edward Gardner, QC, a senior Conservative MP who first called for the incorporation of the convention in 1987, said that the language of the convention

"is language which echoes down the corridors of history. It goes deep into our history and as far back as the Magna Carta."

The convention was in large part, of course, the work of British jurists—not least of Sir David Maxwell Fyfe who later as Lord Kilmuir became Lord Chancellor—so while the convention may be European by name, it is very much British by heritage. In some respects, given that history, one wonders why the Conservatives are so keen to unpick so much of what is in the Human Rights Act.

The United Kingdom was one of the first countries to sign the convention in 1950 and to ratify it the following year. In 1966, we accepted the right of individual petition to Strasbourg. Then, of course, a person seeking to claim that their rights had been breached by a party to the convention applied to the European Commission on Human Rights. Since the 11h protocol to the convention came into force in November 1998, individuals have been able to apply directly to the European Court of Human Rights.

Althoough we were so instrumental in the convention's development, it sadly took another 50 years before we incorporated it in our domestic law. Until 2000, UK citizens had to join the back of a very long queue if they wanted to access their rights at the European Court of Human Rights in Strasbourg. I am very proud, as I am sure is my hon. Friend the Member for Hendon, to be part of the Government who introduced the Human Rights Act in 1998. By putting that Act on the statute book, we in a sense brought rights home, making it possible for the first time for people who felt that their rights had been breached to take action in our domestic courts. Those rights—the convention rights—were drawn directly from the rights under the European convention itself.

There are those who have taken to using the term "human rights" in a disparaging way, so let me remind the House of the sort of rights that we are talking about. We are talking about the right to life, the right to freedom from torture or inhuman or degrading treatment, the right to freedom from slavery—

Mr. Deputy Speaker (Sir Michael Lord): Order. I am reluctant to interrupt the Minister, but I remind her that we are debating a Bill that is intended to clarify the meaning of "public authority" in section 6 of the Human Rights Act 1998. At the moment, however, she is talking about generalities, whereas the Bill is rather more specific than that.

Bridget Prentice: Thank you, Mr. Deputy Speaker. I was, I hope, trying to set this particular Bill in the context of the Human Rights Act, although of course I accept your point.

Bringing rights home has not been an easy legislative task. The Human Rights Act represents the first time—indeed, the only time—we have incorporated the text of an international treaty into our law. It works through several different mechanisms. The statement of compatibility in section 19, for example, means that every Act must be compatible with it.

Section 6 is the linchpin of the protection that the Act provides. Subsection (1) makes it unlawful for a public authority to act in a way that is incompatible with a convention right. The only circumstances in which that obligation does not apply are specified in subsection (2). They are circumstances in which a public authority could not have acted differently owing to provisions of primary legislation, or was acting to enforce such provisions. Those exceptions ensure that the sovereignty of Parliament is respected.

As many Members will recall from the debates on the Bill 11 years ago, the concept of a "public authority" is not defined absolutely. That is, I think, at the heart of my hon. Friend's Bill. Instead, section 6(3) provides that a public authority includes any court or tribunal, and

"any person certain of whose functions are functions of a public nature".

Again, there are a number of exceptions. Section 6(3) makes it clear that "public authority" does not include either House of Parliament, or any person exercising functions in connection with proceedings in Parliament. However, it should be noted that that does not include the House of Lords in its judicial capacity, and that it will not include the Supreme Court when it starts work later this year. Section 6(5) also makes it clear that a person is not a public authority in relation to a particular act if the nature of the act is private.

Despite those specific exceptions, the definition of "public authority" in section 6 represents a broad approach. That can be contrasted with the provisions in many other Acts, such as the Freedom of Information Act 2000.

Mr. Dismore: My hon. Friend is going through the whole of section 6. I presume that that is in order, Mr. Deputy Speaker, because otherwise you would have stopped her. The Bill, however, is very narrowly drawn in relation to that section: subsection (3)(b) is the only part to which it refers.

Bridget Prentice: I am perfectly aware of that. However, subsection (3)(b) is part of section 6, and I think that if we are to change part of that section it is incumbent on me to tell the House what the effect will be on the section and, indeed, the Act as a whole. Tinkering with one small part of an Act can make a very big difference to the way in which the Act will be interpreted elsewhere.

The broad approach to which I have referred was entirely deliberate. It was intended to provide human rights coverage that was both flexible and comprehensive. Generally speaking, two categories of body are caught by section 6(3). The first consists of "core" public authorities or bodies that are clearly public—for example, Government Departments, local authorities and the police. They are required to comply with convention rights in everything that they do. The bodies in the second category, about which I think my hon. Friend is most concerned, are often described as "functional" public authorities. They may be private companies, or charities that are exercising public functions. An example might be a private company running a prison on behalf of the Government. The way in which section 6 is drafted means bodies of that kind are also required to comply with the Human Rights Act in respect only of those specific public functions.

Mr. Dismore: In that context, will my hon. Friend tell us what attitude the Government adopted in relation to the case involving immigration removal centres and, in particular, the transport arrangements for detainees provided by a private sector company? I think it was GS4, although I may be wrong.

Bridget Prentice: I do not know the details of that case, but I will reflect on what my hon. Friend has said and consider it in some detail, following which I hope to be able to tell him and the House why the Government took a particular line in that instance.

Anyone who performs a function of a public nature will be obliged to respect people's convention rights. That approach reflects the significant changes that have taken place over the past two decades in public service delivery; I hope I may be able to return to that later.

In the 1997-98 debate, the then Home Secretary, my right hon. Friend the Member for Blackburn (Mr. Straw), made it clear that the Government intended that a broad interpretation should be given to the concept of "functions of a public nature".

Those objectives were echoed in February 1998, when he argued that:

"The Bill had to have a definition of a public authority that went at least as wide and took account of the fact that, over the past 20 years, an increasingly large number of private bodies, such as companies or charities, have come to exercise public functions that were previously exercised by public authorities...it was not practicable to list all the bodies to which the Bill's provisions should apply. Nor would it have been wise to do so. What was needed instead was a statement of principle to which the courts could give effect. Clause 6 therefore adopts a non-exhaustive definition of a public authority. Obvious public authorities, such as central Government and the police, are caught in respect of everything they do. Public—but not private—acts of bodies that have a mix of public and private functions are also covered."—[*Official Report*, 16 February 1998; Vol. 306, c. 773.]

David Howarth: The Minister has been speaking for 26 minutes now. We know she opposes the Bill, but we do not know why. The hon. Member for Huntingdon (Mr. Djanogly) was very clear that he opposed the Bill because it imposed costs on business. I support the Bill, as does the hon. Member for Hendon (Mr. Dismore). Can the Minister say in just a few words why she opposes the Bill?

Bridget Prentice: I hope that in a moment or two I will be able to give the hon. Gentleman some comfort by explaining why I am not prepared to accept the Bill as it currently stands.

Mr. Dismore: If the Minister is not prepared to accept the Bill as it stands, will she at least be prepared to allow it to pass into Committee so that it can be amended into a form that she might approve of?

Bridget Prentice: If I am allowed, I shall go into some detail as to why the Bill is unacceptable and would not, even with attempts to amend it, be a satisfactory way of dealing with the important issues my hon. Friend rightly raises.

Clause 1 would, in effect, wipe the slate clean in terms of the interpretation of section 6 of the Human Rights Act 1998. My hon. Friend has previously expressed his disappointment that the law in this area is uncertain, and I gently suggest to him that clause 1 would greatly increase that uncertainty. The Government are simply not prepared to accept that consequence at this stage. *[Interruption.]* Well, the list of factors has been drawn from the speeches of their Lordships in the YL case. The only guidance that a court would actually have would be the words in the Bill. Therefore, it is significant that no account is given in clause 1 of the weight that should be given to each factor, or whether each factor points towards or away from any given function being a function of a public nature.

Mr. Dismore: The Minister has just said that the only guidance a court would have would be the words of the Act, but that is true of any Act. She has just given a reason for never passing any new legislation.

Bridget Prentice: Absolutely not; I refute that entirely. If my hon. Friend will reflect, he will remember that in debates on, for example, the Legal Services Act 2007 we made it clear which factors had greater weight than others, so that is not at all unusual in legislation. However, the facts as laid out in clause 1 of my hon. Friend's Bill have not been weighted or prioritised, so it would be entirely a matter for the individual judge to make that interpretation. I cannot believe for a moment that that is what my hon. Friend intended. Indeed, the widely differing views in the case of YL indicate just how individual interpretation of the same factors can result in very different decisions. There is no indication that the approach outlined in clause 1 would resolve or significantly clarify the issue.

I was also asked what other reasons I have for opposing the Bill. Well, there are a number—

2.30 pm

The debate stood adjourned (Standing Order No. 11(2)).

Ordered, That the debate be resumed on Friday 16 October.

Business without Debate

RENEWABLE CONTENT OBLIGATION BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 16 October.

THEFT FROM SHOPS (USE OF PENALTY NOTICES FOR DISORDER) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 16 October.

FUEL POVERTY (NO. 2) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 16 October.

ILLEGALLY LOGGED TIMBER (PROHIBITION OF SALE) BILL

Resumption of adjourned debate on Question (26 June), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 16 October.

HOME REPOSSESSION (PROTECTION) BILL

Motion made, That the Bill be read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 16 October.

EMPLOYERS' LIABILITY INSURANCE BUREAU BILL

Motion made, That the Bill be read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 16 October.

PHARMACEUTICAL LABELLING (WARNING OF COGNITIVE FUNCTION IMPAIRMENT) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 16 October.

LAND USE (GARDEN PROTECTION ETC) BILL

Resumption of adjourned debate on Question (8 May), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 16 October.

ROAD SIGNS (TOURIST DESTINATIONS AND FACILITIES) BILL .

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 16 October.

PROTECTION OF GARDEN LAND (DEVELOPMENT CONTROL) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 16 October.

AIRPORT EXPANSION (PARLIAMENTARY APPROVAL) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 16 October.

BRITISH MUSEUM ACT 1963 (AMENDMENT) BILL

Resumption of adjourned debate on Question (15 May), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 16 October.

TORTURE (DAMAGES) (NO. 2) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 16 October.

Simon Hughes (North Southwark and Bermondsey (LD): On a point of order, Mr. Deputy Speaker. We have just seen 13 Bills on the trot objected to by the Government Whip. Is there any way we could discover whether objections are ever on a point of substance or whether they occur simply because the Government do not like private Members' Bills?

Mr. Deputy Speaker: The hon. Gentleman is a very experienced Member of this House and knows precisely how these things operate. There may well be room for change or improvement, but it is certainly not for me to advocate it this afternoon.

Domestic Energy Users

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Frank Roy.)*

2.34 pm

Mr. Mark Todd (South Derbyshire) (Lab): I congratulate the Minister on his appointment to his post, but I shall reserve further congratulation until I have heard how he answers this debate. I could not have chosen a much more appropriate time to call for it, because in the past week Ofgem has published its report on complaint handling by energy companies, Consumer Focus has published a major report on energy pricing, and Ofgem has intervened to criticise aspects of that report. I shall discuss those events and link them to some constituency experience.

First, let me sketch where we have come from. Until October 2008 consumers concerned about the practices of their energy company could approach Energywatch to assist them in their complaints. During the long period in which British Gas struggled with its billing system, I made heavy use of Energywatch to tackle repeated errors and overcharging. It handled individual complaints and sought to champion consumer interests generally.

The Government decided to merge Energywatch with other consumer bodies to form Consumer Focus. They transferred to Ofgem—until then largely a regulator of competition within the energy sector—the task of oversight of complaint handling. The argument was that energy was a mature market: consumers could readily vote with their feet if they were unhappy, and companies should be the main focus of complaint handling. Presumably, it was argued that the existence of Energywatch, as a quasi governmental substitute, led companies to invest fewer resources in customer service and complaint handling.

Such a robust, market-centred strategy would have much to commend it if the underlying assumptions were right. Those would be that consumers had appropriate information to prompt choice; that transferring to another supplier was straightforward; that there were sufficient variations in price and customer service to make changing suppliers worth while; and that the companies' handling of customers was of a sufficiently high standard as not to require assistance. None of those assumptions is true.

A small number of consumers switch suppliers, often playing the special offers. However, most of the market is inert, with people staying with whatever company inherited the supply from the former state provision on privatisation. Most consumers find it hard to make comparisons. The study by *Which?* of consumer views on their bills showed widespread difficulty in understanding how the bills work and how consumers' own behaviour might influence their bills. One customer said:

"It is impossible from my bills to see exactly how much I am paying per 'unit' of gas or electricity, or to compare offers by different suppliers. We need a system which is completely transparent and answers the questions: how much have I used? How much did each 'unit' cost? and sets this out so I can then compare with other suppliers' charges, like for like."

Another said:

"I find it very difficult to understand my energy bills. I endeavour to be as economical as possible but have no idea whether I am succeeding."

Those are typical comments from the survey.

There is also some mistrust in the market. People doubt how genuinely competitive it is, and some recall the hard selling of the initial period of competition. They have also heard, as most MPs have, of problems arising when a supplier is changed—I have dealt with some such cases myself. Energy provision is so important that few like to take risks—it is not like testing a new brand of breakfast cereal. This is a sticky market, and as such it is exploited by the companies. There is evidence from one of Ofgem's studies of overpricing in companies' core, inherited market, deliberately taking advantage of the conservatism of loyal customers while offers are pitched at areas of the country where they seek a greater market share.

What advantage would a consumer gain from changing supplier? There may be a short-term price advantage. The bundling of electricity and gas may offer gains, but those offers are not relevant in areas without mains gas. However, the prices tend to move in tandem and there would appear to be few long-term gains. As for customer service, it is uniformly abysmal.

Ofgem's study of complaint handling—accompanied by characteristically tepid advice to the companies and an expectation of better results next year—presents data that suggest this must be the worst service offered by any industry in our country. The best company at handling domestic complaints, E.ON, managed to leave 57 per cent. of customers surveyed unhappy with the quality of its complaint handling. The worst, npower, to which I will return in a moment, left a staggering 70 per cent. dissatisfied with the way that their complaint had been dealt with. There is clearly no competitive pressure whatever to provide high standards in that key measure. The chief executive of Ofgem, however, is perhaps more optimistic. He opined:

"It is in suppliers' best interests to ensure that the service they provide is of a high standard. This is clearly an opportunity for them to raise the bar to retain existing customers and attract new ones."

Would that that were true.

Back in the spring and summer of last year, while Energywatch was facing its demise, I agiciputed that problem and tabled parliamentary questions and wrote to Ofgem about how to establish proper complaint handling standards. One specific area, as an example, came up in its current survey, in which it identified the difficulty of mapping precisely what a complaint was for one customer—exactly the problem that I anticipated 12 months ago in correspondence with Ofgem.

So the Government's assumptions about the maturity of the market and the ability of consumers to lever gain is flawed. The consumer support infrastructure designed around those assumptions is struggling and, as I will illustrate, squabbling. Ofgem has the lead role. It commissions studies into the sector. It does not assist consumers directly but can address group complaints as it did on npower's price sculpting activities. Ofgem leaves individual support to an ombudsman and to Consumer Focus. There is a lengthy time limit before a complaint may be referred to an ombudsman and Consumer Focus, as a body covering most aspects of consumer assistance, is not able to give the scale of support previously offered by Energywatch to energy-specific complaints. One senses some degree of turf war behaviour between the organisations.

Last week, Consumer Focus released a study suggesting that the common consumer concern—I would be amazed

if other hon. Members did not have examples of such problems—that prices seem to go up further and faster than they come down when wholesale prices vary over a period of time. Consumer Focus used Ofgem data and model assumptions to suggest that consumers were right in that view and that they were being substantially overcharged. Ofgem publicly contradicted that. The two bodies should share a common interest—to serve consumers. It scarcely breeds confidence that that goal is central to either of them if they squabble in public.

Let me now turn to one example of the industry's poor quality service to customers—npower's foray into what has been called gas price sculpting. I will not seek to explain its model in detail. I have not got time—the company offered a five page text on its website to consumers who did not understand that method of calculating their gas prices, so I certainly will not attempt to read it out. It is sufficient to say that it introduced a two-tier pricing model with a quantitative start date for the trigger for the higher scale price set by the company. Several of my constituents spotted that they might well face higher bills and complained.

As I have mentioned, the company produced material that was well nigh impenetrable. I read the five pages and, frankly, if I had been one of their customers I would not have been able to work out how it affected me. Most ordinary consumers presumably just trusted that whatever it meant, they would not be mistreated. Ofgem, at the initial prompting of Energywatch, instituted an inquiry into the practice that took nearly a year to report. When it did, it failed to condemn the company's practice, merely expressing concern about the company's failure properly to inform customers. Perhaps surprisingly, bearing in mind the mildness of the reproof, npower agreed to pay £1.2 million to 200,000 consumers—that is, about £6 a head.

An apparently minor victory for consumers, however, rapidly dissolved when scrutinised in more detail by people such as my constituents, Mr. Stratton and Mr. Vallis, who were determined on the matter. They and many others did their own calculations—to be honest, they were better than I in that respect—and were able to pursue claims against npower. One of those gentlemen received an £85 ex gratia payment. I shall come back to one of the interesting aspects of that payment at the end of my speech. Far higher sums than that are quoted on the web, particularly in cases where court action was threatened against npower.

I have drawn the apparent inadequacy and weakness of the Ofgem judgment to Ofgem's attention. The relaxed response essentially drew attention to any consumer's right to pursue the matter further with npower; there is, of course, that right, but only a minority of consumers are equipped to pursue the matter further. Our purpose, in a complex marketplace—as I have suggested, some companies seek to make it as complex as they can—is to assist the individual householder who must fight a giant company. Our purpose is not to empower the capable and well organised in our constituencies to do that, but to protect the vulnerable.

In correspondence with one of my constituents, attention was drawn to the possible legal constraints on Ofgem insisting on compensation because of time delays since the original price increase. The leisurely course of the investigation clearly did not seem to have been affected by that concern. In my correspondence with npower, I was requested to treat the payment made to my constituent as a matter of commercial confidence, and was told not to disclose it to any third party under any circumstances. I had not asked to be treated in that way and, prima facie, I would have said that it was a breach of parliamentary privilege to suggest that I should not be able to discuss what my constituent had received. I can well understand the company's embarrassment in that matter, but I have never before been told by any company that I owe any duty other than to my constituent in a matter of that kind.

So what do I seek from my hon. Friend the Minister? First, I seek clarity on consumer assistance in the marketplace; there should be no more squabbling or turf wars. Secondly, I seek recognition that the market remains complex for most consumers, and that additional specific assistance is required. Thirdly, I seek a far more robust approach to the companies on their customer complaint handling capability. Their current shocking performance will not be corrected by market pressure. Fourthly, clear obligations should be placed on companies to ensure that bills and billing models are clear. Obscurity and complexity are two of the few areas in which the companies seem genuinely to compete; they try to make what they offer customers as difficult to understand as possible. Fifthly, if there are legal constraints on a regulator when it comes to tackling activities such as npower's price sculpting, let us address them. In the meantime, the investigation by Ofgem should itself be examined. How long did it take? How were data collected? How did consumers and the company have their say? That would be a test of Ofgem's fitness for purpose in such matters.

Finally, in spite of Ofgem's qualified all-clear last year, most consumers do not believe the market to be genuinely competitive. Its price movements appear to be like an elephantine dance programme, and the normal triggers prompting quality improvements and sustained price advantages simply do not seem to function. Let us have the Competition Commission examine the market.

2.48 pm

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): I congratulate my hon. Friend the Member for South Derbyshire (Mr. Todd) on his choice of subject—it is an important subject, and he showed a great command of it—and on the timeliness of this debate, to which he referred. To the events that he described at the beginning of his speech, I would add the publication yesterday of the Government White Paper, "A Better Deal for Consumers: Delivering Real Help Now and Change for the Future". A lot of the publicity that the White Paper received, yesterday and today, was about those consumers with personal debt, but there are factors relevant to this debate. For example, in the White Paper, there is mention of breathing space relief for consumers who are overburdened with arrears on their utility bills and other secured debts. There are to be reviews of how effectively energy and water suppliers protect vulnerable customers from disconnection. There is to be help for customers with problem debt, and programmes to reduce household energy bills.

It is to the great credit of my right hon. Friend the Secretary of State that within my portfolio at the Department of Energy and Climate Change I have responsibility for consumer interests. I appreciate that the Department is young, but this is a first and I believe it is a very welcome development. I agree with my hon.

[Mr. David Kidney]

Friend that we need to be active and demanding in relation to consumer concerns about energy, and I am happy to take on that responsibility.

With that in mind, let me say at the outset that the Department regards it as essential that all consumers should have confidence that they can use energy reliably, safely and affordably. I regard the description of "consumer" as all-encompassing, so, for example, it incorporates industrial and commercial consumers of energy, just as it covers domestic householders. My job is to ensure that consumers will be treated fairly by the companies that deliver our energy. I want everyone to have confidence in the rules and arrangements under which those energy companies operate. In particular, that means that people and organisations should have the right help and information to make good decisions about the way they buy their energy, and about how to save energy and save money.

Last year, the gas and electricity regulator Ofgem registered public concern about prices, and about other aspects of the energy supply markets. Ofgem responded by launching a detailed probe into the energy supply markets. I have seen Ofgem's report of those findings. Ofgem concluded that the markets were working well overall and that there was no evidence of collusion between companies in the sector, but it also discovered some areas where real improvement is needed.

Ofgem's work revealed that many consumers were suffering significant disadvantages in what they were paying for their energy. Some practices relating to prepayment meters may have attracted most public attention and reporting at the time, but there were also broader issues of unfair charging, as described by my hon. Friend today. Under pressure from Government and the regulator, suppliers have taken action to remove those unfair practices, and that is a start, but all the suppliers need to continue to take responsibility for putting an end to such practices and avoiding any repetition in future.

Ofgem is in a position to make changes to the suppliers' licences to secure better, fairer practices from now on, and I shall be watchful to ensure that consumers get the benefits of these changes. I want people and organisations to have confidence that they will be treated fairly however they pay for energy, and that they will be properly and clearly informed about charges. They need to know that suppliers are competing actively and fairly for their custom. We would all like to see such problems solved more quickly. Nevertheless, the Ofgem probe has been of great value. It has provided evidence to show where specific problems are. It is only with such evidence that the right changes can be made to achieve real improvements.

As my hon. Friend said, clarity is an important factor for householders and business customers alike. Ofgem's investigation showed that consumers are not always able to make the best choices about tariffs, payment methods and energy use. Ofgem accordingly proposes new obligations on suppliers to provide clearer information to their customers which includes a standard annual statement including the tariff name, the customer's consumption and a reminder of the right to switch, and simplified information on tariffs to make comparison easier, including a clear price scorecard.

Mr. Todd: One of the other elements that has been discussed is an obligation on the company to point the way to a cheaper source within its own suite of offerings. Does my hon. Friend see that as an obligation that would be placed on the company as well?

Mr. Kidney: I will take that as a representation and think about it. I remind my hon. Friend that in the fifth Session legislative programme there will be an energy Bill, in which we might be able to come back to that issue.

Clearer information and the avoidance of confusion about tariffs offer consumers much-needed confidence. They, and the proposed licence condition changes to prevent unfair tariff discrimination, will go a long way towards avoiding the kind of problem that my hon. Friend describes.

I fully appreciate my hon. Friend's concern about customer information; other hon. Members raised similar concerns in a debate in Westminster Hall on 10 June. My hon. Friend the Minister of State responded to that debate. In doing so, she offered hon. Members the opportunity of a meeting with Ofgem to discuss the concerns. I am currently making the arrangements for that meeting. Ofgem has consulted on its proposals, and I will ensure that my hon. Friend's concern and constructive suggestions are fed into that consultation process. I am sure that many interested parties will have responded to the consultation, and I know that consumer bodies have been involved.

It is essential to get the matter right and to make sure that in future all consumers have the appropriate level of information in a user-friendly format. Whether they are basing their decisions on their past energy usage or on their response to marketing, consumers must be able to rely on the information provided to them by others. On the subject of marketing, I should mention that Ofgem has also addressed standards in doorstep selling. It is proposing new rules to require suppliers to offer written quotations following doorstep sales and to provide that the offer made and accepted on the doorstep must be better than the customer's existing deal. Taken together, those actions represent significant strides forward in ensuring that in future consumers can have much more confidence that they are paying fair prices for their energy.

With respect to the npower case mentioned by my hon. Friend, I understand that the company failed to notify consumers of changes in some of its tariffs; because of that, those consumers were unable to take action to move to a different tariff or supplier. Clearly, it is essential that suppliers meet their licence obligations in relation to changes to tariff rates and that the regulator has the powers that it needs and is prepared to use them. That, I think, is my hon. Friend's message to me. Ofgem's recent proposals on improving consumer information should also impact on the issue.

As my hon. Friend said, last year the Government changed the arrangements for consumer representation, bringing together the public's representatives in the energy, postal services and water sectors. We believe that we have put in place a more effective system. However, we are not complacent. I agree with my hon. Friend that the new arrangements must be monitored to ensure that they are working as intended and that

there are no gaps. The guiding principle in judging their effectiveness is whether they are serving the best interests of consumers.

I assure my hon. Friend that the Department for Business, Innovation and Skills is planning a review of the new arrangements in the autumn, and I will be looking carefully at the current arrangements myself. We need to make sure that all the organisations involved are working effectively together.

Mr. Todd: Would the Minister use as one of the criteria the way in which individual consumers are assisted? The great strength of Energywatch was its ability to pick up an individual complaint, understand its greater significance, assist the individual and apply some of the lessons to the companies.

Mr. Kidney: I understand what my hon. Friend is saying and as a constituency MP myself I certainly recognise what he said about Energywatch. However, I am not prepared to go as far as him and say that the new organisation will not be as effective as Energywatch. It can be as effective—if not more so, given the time and support. I will not take up the particular suggestion made by my hon. Friend, although of course I want the consumer representatives and the companies to be consumer-focused.

On prices, a subject of popular discussion and debate is whether reductions in the wholesale costs of energy are passed on to consumers promptly by energy companies. We have evidence that, in the past, competition in the UK's markets has pushed down prices following wholesale price falls more quickly here than in countries with less competitive supply markets. However, the subject is of such keen and continuing interest among all consumers that I want there to be constant reassurance that that remains the case today and for the future. Are suppliers still competing on price? Is competition working in favour of the people who have to pay the bills?

It is precisely because Ministers, like everyone else in the country, want the answers to those questions that we asked Ofgem to get involved and stay involved. Ofgem now tracks the link between wholesale and household prices and provides greater transparency. In this way, we can give consumers answers. So far this year, Ofgem's analysis is that the price cuts of 2009 appear to reflect the falls in wholesale costs to date. I am encouraged by that news, but the effectiveness of this work depends on keeping it going. I shall be watchful of this, as I want to be sure that competition is working and that consumers are getting fair treatment from suppliers and from the energy system.

I am aware of the Consumer Focus news release on price movements that my hon. Friend mentioned. My officials are discussing the data with Consumer Focus. Our initial assessment was that we did not recognise the figures and analyses used. However, I agree that it is important that bodies in the sector, while being able to question and interrogate each other constructively, ought not to fall out in public, and it is certainly regrettable if confusing information is thereby provided to consumers.

As my hon. Friend says, Ofgem's recent report on complaint handling showed some very disappointing results in terms of consumer dissatisfaction with suppliers' performance. It is not sufficient for suppliers to have the necessary systems in place, although that is a start. They need to improve the consumer's experience of those systems. I believe that Ofgem is meeting stakeholders this month to discuss how to ensure that. I agree that price will be the most important factor when consumers choose between suppliers, but satisfaction is also a significant issue, and suppliers have a real interest in getting the procedures working more effectively. I will pursue that issue actively in my discussions with companies and consumer bodies. There may be a case for the regulator to take action where the supplier does not meet the standards that are laid down. Ofgem has powers to fine suppliers up to 10 per cent. of turnover for a breach of these standards.

As regards my hon. Friend's concern about competition, compared with many markets there is a high level of switching. The process of switching has been made easier. As I mentioned, there are new proposals to make doorstep selling—probably the most controversial channel for switching—much safer for consumers. A small number of consumers are very active, as my hon. Friend says, but large numbers of other consumers have moved to better deals. Those who have not yet switched can still make considerable savings if they do so.

Suppliers have sometimes changed prices within a similar time frame, but they share many of the same cost pressures, particularly movements in wholesale prices. In most sectors, businesses will price with an eye on the competition: this is not proof of a failing market. In fact, when it comes to lowering prices following falls in wholesale prices, it is easy to become concerned if one or two companies do not move with the others. As my hon. Friend says, Ofgem found evidence of unfair differentials in pricing, and it has taken action to prevent this in future; the Government have strongly supported that action. We need to ensure that competition is working and to act where it is restricted, but we need to base actions on real understanding of what is happening, and what is not happening.

Our energy markets in the UK have ensured that over the past decade household consumers have benefited from some of the lowest energy prices in Europe. However, that is history: we need always to be vigilant on behalf of the consumer. I recognise that none of us, least of all Government, can be complacent about the services that paying energy customers receive. I am aiming for the best and the fairest service for all consumers. To achieve that ambition, I shall be calling on the regulator, the energy companies, consumer representation groups and consumers themselves to help me. I take it that I can say with confidence that my hon. Friend is willing to help, and I shall seek support from other right hon. and hon. Members. Regulation needs to be active and effective, attuned to current business and social standards. Where necessary, rules must be amended now and in the future to stop unfair practices. Those investing and operating in the energy sector need to work for the steady improvement of the ways in which the markets function for consumers.

I appreciate the interest that my hon. Friend has shown in the serious subject of protecting current and future energy consumers. I pay tribute to his personal efforts on behalf of his constituents. I hope he can see that I am determined to act upon the issues that he has raised in this debate.

3.4 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Monday 6 July 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Kingsnorth Climate Camp (Policing)

1. **Greg Mulholland** (Leeds, North-West) (LD): What recent representations he has received on the policing of the Kingsnorth climate camp in August 2008. [283784]

The Minister for Policing, Crime and Counter-Terrorism (Mr. David Hanson): The Home Office has received a number of items of parliamentary and public correspondence relating to the policing tactics employed at Kingsnorth climate camp in August 2008.

Greg Mulholland: My constituents, James Chan, Stephen Halpin and Sunil Bhopal, attended the Kingsnorth camp and report that the police played music between 5 and 6 am, and prevented water and food from getting into the camp. Does the Minister think that that is acceptable policing, and will he tell the House what lessons have been learned from that as we look forward to the climate change camps this summer?

Mr. Hanson: I am grateful to the hon. Gentleman for raising those points. He will know that the National Policing Improvement Agency, Kent police and the inspectorate of constabulary have looked at these issues. I am shortly expecting some reports on how policing was undertaken at the camps. It is important to recognise that the Government and the police are committed to allowing peaceful protest, and that we take the concerns that have been raised about some issues at the climate camp extremely seriously. I will receive shortly, and will publish for the House, reports on those issues, and I will look at what lessons can be learned.

Keith Vaz (Leicester, East) (Lab): Has the Minister had the opportunity to read the Home Affairs Committee's report on the Kingsnorth camp and the G20 protests, in which we made specific recommendations about the tactic of kettling? Do the Government have a position on the use of kettling as a tactic by the police in policing protests? If not, when will the Government be in a position to give us their views?

Mr. Hanson: I thank my right hon. Friend for his report, which will be a good contribution to the debate on policing tactics. He will know that as early as tomorrow we are expecting a general report from the inspectorate of constabulary and Denis O'Connor on the protests at the G20 and some general issues. I want to reflect on that report and to respond in due course about the tactics that were used. I will consider those issues and respond to my right hon. Friend and the Committee's report in short order.

Chris Huhne (Eastleigh) (LD): There appears to be a repeating pattern at protests, including the Kingsnorth climate camp, of some police officers failing to wear their identifying numerals. We saw that at the Countryside Alliance protests in 2004, again at the G20 protests—despite the assurances of senior officers beforehand—and, astonishingly, again at the Tamil protest in Parliament square just a day after the Metropolitan Police Commissioner had made it clear that that practice was unacceptable. What are Ministers doing to ensure that some police officers do not tar the reputation of the vast majority who are disciplined, public-spirited and unashamed to be identified as citizens in uniform?

Mr. Hanson: I regard it as a matter of course that police officers should be able to be identified in whatever activity they undertake, and that will be one of the issues that we consider in relation to the policing of this protest and others. We are expecting a report shortly, as I have said, and I raised in a letter to Kent police of 24 June the need for me to see their report of the incidents at Kingsnorth. I have had an assurance from the chief constable, Michael Fuller, in a letter dated 3 July that he intends to publish the report on the incidents. I want to obtain the facts, look at the issues and ensure that the lessons are learned.

National Identity Scheme

2. **Stephen Hammond** (Wimbledon) (Con): What recent representations he has received on the introduction of the national identity scheme. [283785]

3. **Philip Davies** (Shipley) (Con): What recent representations he has received on the introduction of the national identity scheme. [283786]

9. **Mr. David Evennett** (Bexleyheath and Crayford) (Con): What recent representations he has received on the introduction of the national identity scheme. [283792]

12. **Mr. Stewart Jackson** (Peterborough) (Con): What recent representations he has received on the introduction of the national identity scheme. [283795]

The Secretary of State for the Home Department (Alan Johnson): Our research shows a consistent level of public support for the national identity service and, in the past six months, we have received more than 1,000 letters from the public about identity cards. More than 60 per cent. of these were in support, including many asking how to apply for an identity card.

Stephen Hammond: The Secretary of State will note that his colleague made it clear in a Delegated Legislation Committee last week that this scheme, now revised, is not for the prevention of terrorism, the reduction of

crime or the stopping of legal immigration, but it is claimed that it will derive £6 billion net benefit for our country. What is the purpose of the scheme, and how can that figure be justified?

Alan Johnson: When we stood at the last election on a manifesto that promised to introduce identity cards, there was no mention of tackling terrorism. Identity cards will have some benefit in that area, but that is not why they are being introduced. The reason, supported by the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) and the Opposition before the last election, was that it would be madness to introduce biometric passports, with all the information, and not use that opportunity to provide people with a convenient, safe and secure way to prove their identity in a world where the need to prove identity is a constant daily occurrence.

Philip Davies: The Prime Minister claimed that he had scrapped the plans for the last general election, when he was going to call it, because he was going to win. It seems that the Home Secretary said that he is going to scrap compulsory identity cards because they are popular with the public. Does he not accept that all the arguments in the past by his predecessors that identity cards are essential to combat terrorism and to tackle crime have all been totally spurious?

Alan Johnson: No. The reasons that we set out to the British people—in an election that we won—on why we would introduce ID cards are exactly the reasons for introducing them now. We have not scrapped cards; we are accelerating their introduction—*[Laughter.]* It is absolutely true. We planned to sign a medium-term contract next year; we are now going to sign it in the autumn. We planned to trial the scheme just in Manchester this year; we are now going to trial it across the whole of the north-west. We planned to trial it airside at London City airport; we are now going to trial it throughout London. It will be welcomed by the population. We already have applications for cards and we have not even begun the process of distributing them.

Mr. Evennett: I would like to press the Secretary of State on the issue of compulsion. The Government have always stated that ID cards can work properly only if they are compulsory. Does he still believe that?

Alan Johnson: I do not know when the Government stated that. The Government certainly did not state it in our election manifesto of 2005, when the British people supported us and elected us to government. There was no mention of compulsion in that manifesto. The Identity Cards Act 2006, which went through both Houses of this Parliament, had no mention of compulsion. This is a voluntary scheme. I happen to think that, in terms of airside workers, we will make much more progress and have many more people carrying cards if we remove the element of compulsion, explain the benefits and ensure that people sign up to them voluntarily.

Mr. Stewart Jackson: The Prime Minister is having some difficulty in being clear, to put it charitably, about the level of public expenditure over the next few years. Will the Home Secretary do his bit by pledging to scrap the huge cost of ID cards in order to get the public debt and finances into a more stable condition?

Alan Johnson: We will have more time to debate this issue at 7 o'clock this evening, but I have to tell hon. Members, including Opposition Members—at my press conference I used the term diddly-squat, which is probably not recognised by *Hansard* writers, let alone by British journalists—that the idea that the national debt could be halved by the abolition of ID cards is simply ludicrous. The amount of money that has to be spent on a scheme where the recipients and beneficiaries of identity cards will pay for them is very small. Scrapping the scheme now will gain very little and waste an awful lot.

Mr. David Winnick (Walsall, North) (Lab): I opposed identity cards when some Tories wanted them before 1997, and I am pleased that they will not be compulsory. Will there not be a certain amount of suspicion on the part of various officials and authorities with a voluntary scheme if UK citizens do not have an identity card? Is not the whole idea of British citizens' having such a card simply distasteful?

Alan Johnson: I recognise my hon. Friend's long-held and consistent view on this issue. As he says, he held that view when the whole Conservative party was in a different place. I respect his position, although I do not agree with him on this point. There has been a voluntary ID card in France for many years. My French friends would look askance at any suggestion that that somehow breached their civil rights—

Mr. Winnick: That's the continent.

Alan Johnson: I know that that might not convince a lot of people on this side of the House.

I believe that a voluntary scheme can work. We had an identity card in this country at a time when we were fighting for our civil liberties—

Chris Huhne (Eastleigh) (LD): We got rid of it.

Alan Johnson: The hon. Gentleman says that we got rid of it. Now is the time to bring it back.

Andrew Mackinlay (Thurrock) (Lab): A lot of people will sympathise with the Home Secretary, because he is having to cope with the denouement of a failed policy. This business goes to the credibility of Parliament. Why does he not face up to it, get up to the Dispatch Box and say, "Look, we really thought this. It was a silly idea, and we are going to start again to examine how we can promote security and individual identity?" That would be the sensible way forward. I realise that he cannot do that today, but I urge him to take the subject back to the Cabinet and the Prime Minister and to say, "Look, let's get real, grand old Duke of York."

Alan Johnson: My hon. Friend is already reverting to the French way in his questions. I fundamentally disagree with him. We are committed to a biometric passport. The Prime Minister said when he came to office in 2007 that that passport could be used as an identity card. People will have the choice of whether to get an identity card as well. I believe that my hon. Friend agrees that we need to have compulsory ID cards for foreign national workers. In today's world, it is absolutely rational and sane to offer people a single system of proving their identity, which locks in their identity, using all the technology that we need to put in place for the biometric passport anyway.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I, too, welcome the confirmation from my right hon. Friend the Secretary of State that the scheme will be a voluntary one, but what does he say to those people who suggest that, in some respects, the scheme will not really be voluntary? It is said, for example, that people will need an ID card to get a passport if they want to leave the country. Can he clarify the position as regards passports and ID cards?

Alan Johnson: The scheme is of greater use: if people want to use ID cards, instead of their passports, to travel around Europe, for instance, they can. Many people will find that attractive, particularly people who would rather pay the lower amount and only ever want to travel around Europe. Many other people will find it extremely convenient to take out an ID card, perhaps as proof of age, rather than taking their passports, which are more valuable documents, thousands of which get lost on Friday and Saturday nights in cities all over the country. This is a matter of pragmatic convenience, and I really do believe that, in terms of Labour party policy, my right hon. and hon. Friends are on the right side of the public argument.

Damian Green (Ashford) (Con): Let us explore the voluntary nature of the card. Later today, we will debate a statutory instrument that sets penalties for failing to inform the authorities about changes in personal information on ID cards. If it is a voluntary card, why are penalties attached to failing to provide that information? What does voluntary mean in this context? Specifically, if someone volunteers for an ID card and has one for a period, can they then say, "I don't want one anymore."? If they can, those penalties are pointless; if they cannot, the Home Secretary should come clean and tell people that, if they volunteer once, the scheme is then compulsory for the rest of their lives.

Alan Johnson: That is a nonsensical position by the Opposition Front-Bench spokesman. The simple fact is that the Opposition support the introduction of a biometric passport. The introduction of such a passport means that there will be a national identity register, which will contain people's addresses. The hon. Gentleman shakes his head—so he would have a biometric passport, but no means of linking it back to the individual who took it out. That argument is absolute nonsense. Exactly as now, if someone changes address, they should inform the passport office, and if they do not, there will be a fine, because we want to ensure that the people who receive passports are the people who say that they want them. The nonsense of the Opposition suddenly turning into civil libertarians, which was news to many of us, and the nonsense that identity cards are somehow an Orwellian concept from "Nineteen Eighty-Four" would be a complete mystery to 24 of the 27 European Union member states that have them.

Mr. Denis MacShane (Rotherham) (Lab): Can I have one, please? I should like the same rights as the majority of other European citizens. I should like to travel around Europe on an ID card. I am ready to be photographed now, before I get much older. I am ready to give my details; I have to give them to everyone in the House of Commons and in the newspapers. So can we have a privilege for MPs: an accelerated path for those who would like ID cards before the rest of the population gets them? I think that we would have a very good take-up.

Alan Johnson: I will consult the authorities to see whether a platinum identity card can be posted to my right hon. Friend straight away.

Counter-terrorism Strategy

4. **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): What recent assessment he has made of the effectiveness of his Department's counter-terrorism strategy. [283787]

5. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What recent assessment he has made of the effectiveness of his Department's counter-terrorism strategy. [283788]

The Secretary of State for the Home Department (Alan Johnson): The Government's strategy for countering international terrorism is assessed formally on a regular basis. Our revised strategy, which was presented to Parliament earlier this year, is one of most comprehensive and wide-ranging approaches to tackling terrorism in the world. It sets out how we are, first, tackling the immediate threat through the relentless pursuit of terrorists and disruption of terrorist plots; secondly, building up our defences against attacks and our resilience to deal with them; and, thirdly, addressing the longer-term causes, so that we can stop people becoming terrorists or supporting terrorism or violent extremism in the first place.

Mr. Vara: I am grateful to the Home Secretary for that answer. However, in the past, Britain has allowed extremists to come to this country. In the case of Yusuf al-Qaradawi, there was an enormous amount of dithering on the part of the Government. What does the new Home Secretary propose to do to ensure both toughness and consistency when it comes to dealing with extremists who wish to come here?

Alan Johnson: I do not think that our record on that is as the hon. Gentleman suggests. I think that we have been very firm. Certainly, a points-based immigration system and the new visa system—incidentally, we have already found 4,000 people trying to come into the country using false identities—will help us. All of that, together with one of the best, if not the best, counter-terrorism resource in the world, which has many thousands of dedicated people working day in and day out, will protect us and ensure that our intelligence and security systems work properly for the people of this country.

Mr. Crabb: One very important component of counter-terrorism strategy is protecting critical energy infrastructure. How does the Secretary of State propose to assist police forces such as Dyfed-Powys, which covers my constituency, where there is now a major concentration of oil, gas and power station facilities? A significant additional burden has been created for the local force. What is the Secretary of State's view on how the costs should fall?

Alan Johnson: I agree with the hon. Gentleman: that issue is one of the most important parts of our anti-terrorism strategy. It is, of course, the subject of a separate and dedicated police presence, both in the regions and nationally. On how the costs fall, we are putting £2.5 billion into counter-terrorism in 2008-09.

That will go up to £3.5 billion by 2010-11. I am sure that the issue of the right proportion to spend nationally and locally can be decided in a rational discussion with the regional security forces.

David Taylor (North-West Leicestershire) (Lab/Co-op): I was very sorry to hear, in response to the previous question, that the Home Secretary believes that the identity card system will be a significant plank in counter-terrorism. How can that be when a good proportion of terrorists in this country are home grown? Those people will not be subject to the constraints of a voluntary ID card system in any case.

Alan Johnson: I hope that my hon. Friend heard correctly. I am saying that the identity card can be a tool; it is not the whole toolbox. Anybody who is dealing with counter-terrorism—I have talked to some of them already—will say, "Well, it certainly won't do any harm, and it can be of some help," but if anyone believed that it was the fundamental approach to tackling terrorism, that would be wrong.

My hon. Friend asks how the system could work. We know that the al-Qaeda training manual suggests that every agent should have a number of different identities. The fact is that locking in a person's identity through their fingerprints and their biometrics ensures that no one else can pick up that identity. That will be an extremely useful tool in the fight against terrorism.

Chris Grayling (Epsom and Ewell) (Con): Why has the Home Office made no attempt to co-ordinate the security response across the country when a tanker containing inflammable fuels is stolen?

Alan Johnson: I am not exactly au fait with what the hon. Gentleman is talking about; I do not know whether anyone else in the House is, but it certainly sounds a very important issue, and I will look into whatever point he wants to raise. I imagine that the security forces would ensure that there was a co-operative approach on that, but if he knows different, perhaps he could let me know.

Chris Grayling: Indeed, I do know different. Of course, last week, 12 people died when a rail tanker containing liquefied petroleum gas exploded in Italy. Last year in the UK, nearly 2,000 lorries were stolen. That includes examples of theft of similarly flammable materials. The US Department of Homeland Security has warned about the use of such trucks in terror attacks, so will the Home Secretary please go back to his office, put in place an urgent review of the situation, and make a written statement to the House later this week about what he can do to address the situation.

Alan Johnson: I can do all of that, but let us not play games at the Dispatch Box. If the hon. Gentleman, who is in an important position, had a concern about security in this country, he should have been on the phone to me last week, not saving it up for a clever, smart question at Home Office questions.

Overseas Students (Visas)

6. **Mr. Adam Holloway** (Gravesham) (Con): What recent representations he has received on the system for issuing visas to students from overseas countries. [283789]

The Minister for Policing, Crime and Counter-Terrorism (Mr. David Hanson): Since the implementation of tier 4 of the points-based system on 31 March 2009, Ministers have received a number of representations on the system for issuing visas to students from overseas countries.

Mr. Holloway: One of your own Ministers has described student visas as a major loophole in Britain's border control. What winds people up in towns such as Gravesend and Northfleet and across the country is the perception and the reality that you have mismanaged and not controlled—

Mr. Speaker: Order. The hon. Gentleman knows the correct parliamentary language, and I am sure he will now use it.

Mr. Holloway: What will the Government do to retake control of immigration?

Mr. Hanson: The hon. Gentleman knows that the Government introduced the points-based system for the very reasons that he mentioned—to ensure that it is simple, transparent and robust, and that it does the job. Through student visa applications, it monitors who is coming in and it is making a difference by tightening up the loophole to which the hon. Gentleman referred. That is why we are doing it.

James Brokenshire (Hornchurch) (Con): One of the key concerns surrounding student visas is ensuring that appropriate checks against fraud are made. The Minister for Borders and Immigration has suggested that for visa applications from Pakistan and Afghanistan, officers based in Islamabad have more than 11 minutes to carry out initial fraud and forgery checks. Can the Minister tell the House precisely how much more?

Mr. Hanson: My right hon. Friend the Home Secretary informs me that the hon. Gentleman's figures are wrong, and that that is not the situation. We have more than 200 individuals dealing with visa applications in Islamabad, and that is important. My hon. Friend the Minister for Borders and Immigration would be present today, were he not in Calais announcing £15 million worth of new technology to stop people coming into the country via Calais. We will look at those issues, but I advise the hon. Gentleman that his perception is not our perception on the matter.

Susan Kramer (Richmond Park) (LD): The Minister will be aware that because of the system, a significant number of foreign students, particularly from countries such as the United States, have thrown in the towel in their attempts to come and join courses at UK universities. A number of public universities in the UK will be in financial difficulty because their students will not be turning up from overseas in September, and the future looks exceedingly bleak. Will he please look into the matter and, for once, co-ordinate with the Department for Business, Innovation and Skills?

Mr. Hanson: Again, from our perspective the points system is meant to be simple, transparent, objective and robust. There is an online calculator where people can examine this. A phased introduction of the scheme is taking place. We have had a number of applications to

date and the number of failures has been very small. I will certainly consider the points that the hon. Lady raises and pass them on to my hon. Friend the Minister for Borders and Immigration, but the purpose of the system is to make sure that we know who is coming in, that it is secure and that it provides robust and transparent operations.

Policing Priorities (Public Participation)

7. **Mr. Desmond Swayne** (New Forest, West) (Con): What plans he has to increase public participation in the determination of policing priorities. [283790]

The Minister for Policing, Crime and Counter-Terrorism (Mr. David Hanson): The single confidence target puts the public at the heart of local policing. The policing pledge guarantees regular public meetings that will help determine local priorities. We are strengthening police authorities' responsibility to consider the views of the public. All this is backed up by a strengthened inspectorate acting in the public's interest.

Mr. Swayne: Would it not be a much better idea simply to elect people capable of making those decisions? If the Minister thinks that is a good idea—it seems to work elsewhere in the English-speaking world—it is our policy, so the best way of implementing it would be to have a general election very soon.

Mr. Hanson: I could happily fight an election in the hon. Gentleman's constituency on the basis of crime. He knows that over the past five years, domestic burglary in Hampshire has fallen by 22 per cent. and vehicle crime in Hampshire by 26 per cent. Police numbers in Hampshire are up and Hampshire funding is up by £109 million over the 11 years of this Government to date. If he wants to fight on those figures showing crime down, investment up and more police officers, I will happily take him on.

Chris Grayling (Epsom and Ewell) (Con): A moment ago we discovered that the Home Secretary pays no attention to the information that he gives in written answers to me, so let us try another written answer. Why has the amount of time that police officers spend on incident-related paperwork risen so sharply in the past year? How is that consistent with the stated aim of the policing pledge for officers to spend 80 per cent. of their time on patrol?

Mr. Hanson: The hon. Gentleman will know that that is old information. It dates back to a period before the policing pledge was implemented, and since the pledge has been implemented, the situation has improved dramatically. If he looks, as he will do later this year, at the figures on front-line services and reductions in bureaucracy, and at the action that we have taken since the pledge was implemented 12 months ago, he will see a great improvement. He will know also that my colleague Jan Berry, who has produced an independent report, will produce shortly further recommendations for Ministers to improve still further on reducing front-line bureaucracy. That is what the issue is about. Again, I say to the hon. Gentleman: crime down, police numbers up. That is a record on which I am very happy to argue the toss with him.

Control Orders

8. **Simon Hughes** (North Southwark and Bermondsey) (LD): What his most recent assessment is of the efficacy of control orders; and if he will make a statement. [283791]

The Minister for Policing, Crime and Counter-Terrorism (Mr. David Hanson): The Government keep all counter-terrorism legislation under regular review. That includes control orders, where we are currently considering the impact of the recent House of Lords judgment.

Simon Hughes: While many people will be grateful on a one-off basis that the Home Office has given the relevant papers for Abu Rideh to leave the country and join his family abroad safely, will not Ministers now accept that the case made from the Liberal Democrat Benches consistently and by former Law Lords regularly, and now upheld by the senior court of the land, is that control orders should go and go now and be replaced by alternatives that uphold civil liberties rather than take them away?

Mr. Hanson: The hon. Gentleman will know that I am not able to comment on individual cases, but the House of Lords judgment obviously raises a number of key issues. We are reflecting on those issues, and I assure him that, as before, the various House of Lords judgments will ensure that we remain fully compliant with human rights legislation. We need to look at and reflect on the question of disclosure in some control order cases, and I shall report on behalf of myself and my right hon. Friend the Home Secretary to the House on the outcomes very shortly. We have written to the High Court to outline the Government's approach; it is content with that; and we will respond very shortly.

Illegal Drugs

11. **John Mann** (Bassetlaw) (Lab): What estimate he has made of the number of people addicted to illegal drugs. [283794]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): Illegal drug use is a hidden activity and the actual number of people addicted to any drug is unknown. However, it is estimated that 329,000 people in England were problematic drug users in 2006-07—that is, people using either opiates, crack cocaine or both.

John Mann: The estimate is 329,000, so, ever since I gave detailed recommendations to the previous Home Secretary, and the one before that, and the one before that, the numbers have gone up. Yet, the numbers in my constituency have gone down, as they have for overdoses, deaths, hospital admissions from overdoses, and burglaries. When will the Minister's Department look at those recommendations and see why the system that is used in my constituency, and in Australia, Sweden and many other countries, is working and dealing with drug addiction, unlike the Government's own policy?

Mr. Campbell: I am delighted to talk at any time with my hon. Friend about what works in his constituency, but he knows that we can report success in a number of areas. For example, this summer the millionth person is

likely to go through the drug intervention programme, and overall drug use is down. We are not complacent in any way, but I do believe that we are making progress.

Mr. Nicholas Soames (Mid-Sussex) (Con): The hon. Member for Bassetlaw (John Mann) raises a very important point. Does the Minister agree that how successful his Department and the Prison Service are at dealing with drugs in prison matters very much, first, because of the difficulties in prison and, secondly, because of the difficulties when people leave prison? Is he satisfied that the Prison Service is appropriating enough funds for the treatment of drug addicts and to deal with the problem?

Mr. Campbell: Funding has gone up significantly to achieve the results that the hon. Gentleman looks for in prisons. Of course, we want action to rid people of their drug habits and to end the link with acquisitive crime before they enter prison, but he is absolutely right: we need a seamless system. This means that when someone is in prison they receive the treatment that they need, that it continues when they leave and that, hopefully, they can break the habit and return to a normal life.

Dr. Brian Iddon (Bolton, South-East) (Lab): Has my hon. Friend had an opportunity to assess Portugal's great success over the past eight years in reducing drug misuse? Will he transfer some of that best practice to the UK?

Mr. Campbell: I saw the report from Portugal and I was left with the impression that it is too early to say what the effect of its change in policy has been, and we have to be careful in the message we send out about the harm that drugs do. We look at what happens in a number of countries around the world to make sure that we can learn lessons.

Mr. Nigel Evans (Ribble Valley) (Con): Is it not the case that many who resort to illegal drug use end up in prison because they commit crime to feed their addictions? The best and most cost-effective way to deal with the problem is to ensure that the treatment that such people need is given before they have to resort to crime. The fact is that not enough places are available. Would not ensuring that more places were made available now be a cost-effective and smart move by the Government?

Mr. Campbell: It is expensive, but for every £1 invested we save £9.50 across the life of a drug user. The hon. Gentleman is right to say that we need early intervention, and we also need to make sure that there are resources for treatment. We are seeking to achieve, and are providing, those things.

Incidence of Crime (Nottingham)

13. **Mr. Graham Allen** (Nottingham, North) (Lab): What estimate he has made of the effects on police force expenditure of changes in the incidence of crime in Nottingham in the last three years; and if he will make a statement. [283796]

The Minister for Policing, Crime and Counter-Terrorism (Mr. David Hanson): Nottinghamshire received general grants of £132.5 million in 2007-08, £136.9 million in 2008-09 and £141.4 million in 2009-10—an overall increase of £9 million, or 7 per cent. As a result, chief constables have flexibility in using the resources and Nottingham's police-recorded crime fell by 14 per cent. between 2005 and 2008.

Mr. Allen: Does my right hon. Friend accept that crime has fallen not only because of the excellent work of the police and the crime and drugs partnership, but because of the pre-emptive and early-intervention work of children's, health and employment services? Will he consider the possibility of redistributing discretely some of the money saved within the police service, so that more effort can go into intervening on children effectively and early, and so that those children do not become offenders?

Mr. Hanson: My hon. Friend makes an important point. All that investment in early prevention, children and support to families has a good downstream consequence in reducing reoffending and stopping people entering the criminal justice system in the first place. The results will undoubtedly mean that policing resources are saved downstream. He makes an interesting suggestion; justice system reinvestment into other areas is key. I want Nottingham police to use up front the resources saved from the 14 per cent. reduction in crime, to help crime prevention methods such as those that he has mentioned.

National Identity Scheme

15. **Mr. David Heathcoat-Amory** (Wells) (Con): What recent representations from members of the public he has received on the introduction of the national identity scheme. [283798]

The Secretary of State for the Home Department (Alan Johnson): I refer the right hon. Gentleman to the reply that I gave some moments ago—before he arrived.

Mr. Heathcoat-Amory: I thank the Secretary of State for that helpful answer. Is he aware that disquiet about ID cards extends well beyond Home Office matters to data held about health and many other aspects that involve many other Departments? The Government are clearly having great difficulty in keeping such electronic data secure. Will the Secretary of State ask his colleagues throughout Whitehall whether they, too, will contemplate a climbdown and decide to leave such data in private hands?

Alan Johnson: There has not been any climbdown. However, we need to be absolutely clear. When the House enacted the Identity Cards Bill, it put in place safeguards, checks and balances to ensure that the use of the information was restricted to the public interest, according to the terms of the Bill. The information on the identity card will not include people's health records, criminal records or other information that various people raise from time to time. It will include basic information such as gender, age, address and the necessary status of the individual. It will not include any other information.

Antisocial Behaviour

16. **Angela Watkinson** (Upminster) (Con): What recent assessment he has made of the effectiveness of his Department's measures to combat antisocial behaviour. [283800]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): Three independent reports confirm that our approach to tackling antisocial behaviour is working. The National Audit Office reported that two thirds of people stop committing antisocial behaviour after one intervention; the proportion rises to nine out of 10 after three interventions.

Angela Watkinson: I thank the Minister for his reply. As he will know, in serious cases of antisocial behaviour, the victim, the police and the local authority have to work together to compile sufficient evidence to get the case to court. The period taken is far too long. What else can the Minister do to shorten that period and lessen the suffering of the victims of antisocial behaviour?

Mr. Campbell: It is important that swift progress is made. It is also important that victims feel as if they are at the centre of the process. That is why we are looking not only at the time taken to bring cases to court, but at appointing people such as the victims' champion to ensure that victims are at the heart of everything we do.

Fiona Mactaggart (Slough) (Lab): A form of antisocial behaviour that can affect a whole community is kerb crawling and prostitution. The residents of Chalvey in my constituency have taken to standing on the streets themselves to collect the car registration numbers of kerb crawlers. What comfort can the Minister give them that we will be more effective in tackling this kind of antisocial behaviour?

Mr. Campbell: As my hon. Friend knows, we are bringing forward proposals in the Policing and Crime Bill to tackle the issues that she refers to in response to the concerns of local communities.

Miss Anne McIntosh (Vale of York) (Con): Could the Minister respond to a scenario whereby the local council is asked under the safety partnership scheme to provide funds to root out antisocial behaviour but has no money to do so? Who should then step in to make amends to the households that are being disturbed by such behaviour?

Mr. Campbell: Local partnerships, of which local authorities are a key part, have a key role to play in tackling the problems in their local areas. Local councils have had increased budgets over the past few years in order to bring that to the table, and that is precisely what they should be doing. Residents have every right to look to the local authority, as well as to the police and other agencies, to step up to the mark with regard to antisocial behaviour.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): What representations has my hon. Friend had from social landlords, local authorities and others about the effectiveness of means by which they can act as witnesses on behalf of those who are victims of antisocial behaviour? In so many instances, victims of such behaviour are too frightened to give evidence in their own right and instead look to others to act on their behalf, but in my experience there is a long way to go before we find that that is working effectively.

Mr. Campbell: This is about building people's confidence so that they feel confident in bringing forward their concerns about tackling antisocial behaviour. It is also about building confidence across the criminal justice system to ensure that in these circumstances people are seen as the victims, not as perpetrators. We talk to local authorities, the police and social landlords about a range of issues, and I am happy to talk further to my hon. Friend about this matter.

Bob Russell (Colchester) (LD): In relation to young people and antisocial behaviour, can the Minister say what discussions take place across Government Departments and with local authorities to provide facilities for young people? We want joined-up government that is tough on the causes of problems as well on those who create them.

Mr. Campbell: That is an important part of what we do. Of course, we have to send out a strong enforcement message saying that if people get involved in antisocial behaviour and break the law, they should fear the consequences. Across Departments, we look to produce what are referred to as diversionary activities, particularly on Friday and Saturday nights when the problems are worst in local communities. We also work through organisations such as Positive Futures.

National Identity Scheme

20. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What recent representations he has received on the introduction of the national identity scheme. [283804]

The Secretary of State for the Home Department (Alan Johnson): Again, I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Goodwill: When I was a member of the Select Committee on Transport, we visited Atocha station in Spain, the scene of the terrorist atrocity that took place there. Is he aware that every single member of the terrorist group involved carried Spanish identity cards?

Alan Johnson: I was aware of that, actually. I do not know what point the hon. Gentleman would make about it, but I would say this: as I made absolutely clear earlier, we are not saying that identity cards are being introduced because they will free us of a terrorist threat; they are being introduced for several reasons. I note from that specific case in Madrid that one of the perpetrators was traced through his identity card.

Chorley Forensic Science Service Laboratory

22. **Mr. Lindsay Hoyle** (Chorley) (Lab): What his plans are for the future of Chorley Forensic Science Service laboratory; and if he will make a statement. [283806]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): The future of the Forensic Science Service laboratory in Chorley will be considered as part of the consultation process being undertaken by the FSS. No decision has yet been taken about the future of Chorley or any other laboratory site.

Mr. Hoyle: I take it from that that the Minister is going to work overtime to ensure that the Chorley laboratory remains. As he knows, this Government were elected on being tough on crime and tough on the causes of crime. Will he ensure that they continue to put

criminals behind bars? The north-west region has the second biggest rate of crime being committed, and it would be absolute nonsense if this Government were to consider closure. I look to my hon. Friend to state now that he will do all he can to ensure that Chorley remains open.

Mr. Campbell: I work overtime most of the time, but I am quite focused on this issue. We need to ensure that we have a Forensic Science Service that is capable of continuing to perform a critical role in bringing people to justice, but it needs a viable and sustainable future. That is what the transformation programme is all about, and I am quite sure that my hon. Friend will continue to make his strong case.

Topical Questions

T1. [283809] **Mr. Philip Hollobone** (Kettering) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for the Home Department (Alan Johnson): The Home Office puts public protection at the heart of its work to counter terrorism, cut crime, provide effective policing, secure our borders and protect personal identity.

Mr. Hollobone: For the time that he occupies the important and high office of Home Secretary, will the right hon. Gentleman rule out an amnesty for illegal immigrants?

Alan Johnson: We have no plans for an amnesty for illegal immigrants. That is not part of the work that I have taken over as Home Secretary, and I do not believe that it will be part of the work that I do, however long I am in this position.

T8. [283817] **Derek Twigg** (Halton) (Lab): Through the excellent work of the police in Halton and the local partnership, we have seen a significant reduction in crime rates. However, one thing that continues to frustrate local people is that when action is recommended and taken to the courts, it is not always supported by the courts. A good example recently was that a shopping centre wanted to ban a shoplifter who had been convicted on a number of occasions, but the court did not support that. What discussions is my right hon. Friend having with the Ministry of Justice about that issue?

Alan Johnson: This has been a constant theme of my discussions with the police, and I expect it to be a theme of the Association of Chief Police Officers conference this week. We need to get the balance right, and of course no one is suggesting that there should be any interference with the ability of the courts to judge each case on its merits. However, many police believe that there should be a debate about sentencing law so that those brought to justice are carried through the courts process. That is a matter for discussion between myself and the Secretary of State for Justice. We talk about these issues all the time, and that is a very important part of our ongoing dialogue.

T2. [283810] **Mr. Edward Timpson** (Crewe and Nantwich) (Con): In Crewe and Nantwich, the breach rate of antisocial behaviour orders among those aged between 10 and 17 stands at a staggering 69 per cent. Last week the Home Secretary admitted that the Government had become complacent in tackling louts, but what is he doing for my constituents in Cheshire to ensure that the orders are strictly enforced? Simply handing out more orders faster is not enough.

Alan Johnson: There are two points to be made in response to the hon. Gentleman's very important point. First, his experience in Crewe is not reflected in statistics nationally. Generally, 65 per cent. will comply on the first occasion, with something like 78 per cent. doing so on the second occasion and 95 per cent. on the third. That is in the context of antisocial behaviour that is sometimes going on 365 days a year.

I do not think that there is a need for rafts of new legislation. All the powers are there; they just need to be used. So my second point is that if there is one aspect that we need to look at again—we will do so in legislation in the fifth Session—it is the fact that parenting orders are discretionary, not mandatory, when youngsters come before the courts again for a breach of an antisocial behaviour order. That is one element on which we can usefully fill the gap in legislation.

T9. [283818] **David Taylor** (North-West Leicestershire) (Lab/Co-op): Animal welfare is a key priority for a civilised society, yet in the United Kingdom, 2007 saw the sixth consecutive increase in the number of animals used in scientific experiments. For the first time in a generation, the figure exceeded 3 million. The 2008 figure will be out soon. Will the Minister ensure that the Government respond formally to the Uncaged campaign's historic petition, which cross-party colleagues and I presented at No. 10 last Thursday and which was signed by 1.5 million people, calling for the use of animals in the laboratory to be prohibited?

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): To some extent, the problem is demand-led, but my hon. Friend is right to suggest that we need a robust framework to ensure that when those practices need to take place, they are carefully monitored. The Government are also keen to find alternatives to animal testing. We are committing to that not only our political will, but increased resources.

T3. [283811] **Simon Hughes** (North Southwark and Bermondsey) (LD): Will the Home Secretary act now to deal with growing anger in my constituency and around the country about the plans to extradite Mr. Gary McKinnon to the United States? Mr. McKinnon has no previous convictions and suffers from Asperger's syndrome. Given that there is power to try him in this country, where the offence was committed, will the Government intervene to ensure that that happens and that he is not sent to languish in an American supermax jail indefinitely?

Alan Johnson: First, the case is the subject of a judicial review and I do not think that I can say anything helpful about that. However, there were reports this morning that the hon. Gentleman's colleague in another place had written to me to ask me, as Secretary of State,

to use my "undoubted discretion" about the case. I have no discretion over prosecutions. The High Court confirmed that in January, when it said:

"The decision to prosecute is exclusively one for the Director"—

of Public Prosecutions—

"and not in any way for the Secretary of State."

Miss Anne Begg (Aberdeen, South) (Lab): It is now some months since the points-based system came into effect. I am sure that I am not the only hon. Member who has experienced an increase in immigration casework, not because of the principle of the points-based system, but because the guidance is sometimes not as clear as it might be, simply because the system is new. The Department has probably received a lot of correspondence on the matter. When will the Government review the points-based system to examine the sort of cases that hon. Members are bringing to light?

Alan Johnson: Even as we speak, the Migration Advisory Committee is considering the matter. The system has worked well; no system is perfect and this one is comparatively new, so I have no doubt that we must ensure that the guidance is clear. We must consider whether people are applying through the wrong tier. There are sometimes problems when people try to come in under tier 1, and they would be much more successful if they applied under tier 5. We can undertake and then publish the results of that useful exercise very soon.

T4. [283812] **Tony Baldry** (Banbury) (Con): Earlier this afternoon, the Home Secretary said that if one has a biometric passport and changes one's address, one has a duty to inform the passport office of that change. During the course of questions, inquiries have been made of the passport office, which says that that is not the case. What is the situation? Is it not somewhat daft to be under an obligation to report a change of address when one has a supposedly voluntary ID card, but not if one has a passport? Is not it time the Home Secretary talked to the passport office and sorted out exactly what is—or is not—happening?

Alan Johnson: I do not think that we are breaching Magna Carta. One has to have one's address on a driving licence and inform the Driver and Vehicle Licensing Agency of any change. The point that I was making about passports is that we are introducing a new biometric system to ensure that people cannot forge the identity of the passport holder. We have a huge problem with that, and it is sensible, sane and rational to ensure that people keep the details of their addresses up to date. Relax: it does not mean the end of thousands of years of British democracy.

Gwyn Prosser (Dover) (Lab): The Minister for Security, Counter-Terrorism, Crime and Policing told the House this afternoon that the Department is putting another £15 million into further clamping down on illegal immigration between Calais and Dover. On what is the money being spent? What is being done to encourage the French to deal appropriately with the encampments in Calais?

Alan Johnson: The news is hot off the press: my hon. Friend the Minister for Borders and Immigration has just reached that understanding. We have agreed to invest a further £15 million in strengthening our controls in Calais and other juxtaposed locations in France. Investment will be made on the understanding that the French will effect significant returns of illegal migrants from northern French regions. It is therefore aimed at, first, making the route from France to England secure, and secondly ensuring that France sends back more immigrants from northern France. That looks like a balanced agreement.

T6. [283814] **David T.C. Davies** (Monmouth) (Con): The Home Secretary will be well aware of the huge concerns over proposals to close down a number of laboratories belonging to the Forensic Science Service. As Home Secretary, he presumably has the power to step in and prevent that from happening. Will he do so?

Mr. Alan Campbell: This is about the Forensic Science Service bringing forward a consultation on the future of its business. We will of course work closely with the Forensic Science Service, but it is for the service itself to engage with the work force, stakeholders, MPs and anyone else with a view on such matters, to ensure a viable and sustainable service for the future.

Natascha Engel (North-East Derbyshire) (Lab): As my right hon. Friend knows, many teenagers feel unfairly punished and humiliated by devices such as the Mosquito and, now, acne lights. Will he look into banning them?

Alan Johnson: As soon as I find out what they are, I will look into banning them.

Sir Menzies Campbell (North-East Fife) (LD): But there is an area where the Secretary of State has discretion, and that is in relation to the Government's policy towards extradition. Why are we still sending people to the United States under a one-sided extradition treaty? Is it not now time to renegotiate that treaty so as to provide for extradition between our two countries that is firmly based on the principle of reciprocity?

Alan Johnson: I disagree with the right hon. and learned Gentleman that we have a one-sided extradition treaty. I have looked at it carefully over the past few weeks. An awful lot of hyperbole is spoken about this issue—it is almost as if the US were an enemy of this country. The current extradition treaty with the US ensures equal co-operation between the UK and the Department for Trade and Industry US. This issue comes up periodically; I remember that it came up in relation to the Natwest three when I was at the Department for Trade and Industry. Perhaps hon. Members will remember the marching through the streets in relation to that case, but it all went very quiet—*[Interruption.]* The hon. Member for Rutland and Melton (Alan Duncan) says from beyond the Bar that he was one of the people marching, but we did not hear much after the Natwest three pleaded guilty and were prosecuted. I do not believe that we have an unbalanced treaty; I think that it is a fair treaty between the US and the UK, and one that serves both countries well.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My right hon. Friend will be aware that there is now a big backlog of applications for residency cards from spouses of European Union citizens. What will he be able to do to tackle that backlog?

Alan Johnson: We are seeking to address the legacy of cases involving families and dependents, and involving asylum seekers, as well as those inherited cases involving nationality. We are making progress—I believe that we have a date, around 2012, by which we would have that backlog completed—at the same time as dealing with current cases effectively. Some 60 per cent. of asylum seekers are now dealt with within six months, and that figure will be up to 90 per cent. very soon.

Mr. James Clappison (Hertsmere) (Con): On the question of unnecessary police paperwork, is the Secretary of State aware that years and years ago, when the Select Committee on Home Affairs was looking into the issue and the Chairman was the right hon. Member for Southampton, Itchen (Mr. Denham), who is now the Secretary of State for Communities and Local Government, Ministers came before the Committee and gave exactly the same answer that the Minister for Policing, Crime and Counter-Terrorism has given this afternoon, namely that there might have been problems in the past, but the Government have just taken measures to put everything right? When the Home Secretary comes before the Home Affairs Committee, will he be prepared to quantify the figures that his right hon. Friend has given this afternoon and also explain what the Government—

Mr. Speaker: Order. I think that we have got the drift.

The Minister for Policing, Crime and Counter-Terrorism (Mr. David Hanson): I have to say to the hon. Gentleman that 2007-08 saw the fourth successive annual improvement on the percentage of time spent on front-line policing. If he looks at some of the measures that we have taken, such as scrapping the police time sheet, which has freed up an estimated 260,000 police hours, axing the stop-and-account form and introducing 18,500 extra handheld devices, he will see that the measures that we have taken have resulted in the improvements seen over that period.

Andrew Mackinlay (Thurrock) (Lab): What discussions has the Home Secretary had with the Foreign Office in respect of the arbitrary decision by the Premier of Bermuda to allow people from Guantanamo Bay to settle in Bermuda, when that is a matter for the competence of the United Kingdom Government in London and, I believe, the responsibility of the Home Secretary? We need to be told what is happening.

Alan Johnson: My hon. Friend is absolutely right; the discussions have been robust, and we are absolutely at one on the basis of what happened. My right hon. Friend the Foreign Secretary is raising the matter with the American authorities.

Mr. Richard Benyon (Newbury) (Con): Does the Home Secretary understand the concern of the people of Berkshire about the large number of out-of-court disposals that are taking place, even for serious crimes such as grievous bodily harm? Is not this a worrying diversion from established local justice?

Mr. Hanson: It is sometimes important to use out-of-court disposals to ensure that there is swift and effective justice, and that we reduce police bureaucracy, exactly as the hon. Member for Hertsmere (Mr. Clappison) has requested. That is why those out-of-court disposals are taking place. They have a positive benefit for the victims. They also have the positive benefit of not criminalising very young people who would otherwise go on to become involved in much more serious crime downstream.

Christopher Fraser (South-West Norfolk) (Con): Despite what the Government might say, police officers are spending more time on paperwork. Do the Government disagree with the chairman of the Police Federation, who has said:

"Government red tape is the...obstacle standing in the way"

of increased front-line policing?

Mr. Hanson: I have just given the hon. Member for Hertsmere (Mr. Clappison) the figures that show that front-line policing has seen its fourth successive annual improvement since 2003-04. The hon. Member for South-West Norfolk (Christopher Fraser) will know that Jan Berry and the Police Federation have both been very supportive of the measures that we have taken to date. I am expecting a report from Jan Berry on bureaucracy shortly. The hon. Gentleman will see from the improvement measures that we have taken that there is a real difference on the ground, and that we are putting the police where they should be: on the beat in front of local people.

MG Rover

3.31 pm

Mr. Kenneth Clarke (Rushcliffe) (Con) *(Urgent Question)*: To ask the Minister of State, Department for Business, Innovation and Skills if he will make a statement on MG Rover.

I would like to ask the Secretary of State for Business, Innovation and Skills—or his representative on earth—to make a statement on the Companies Act inquiry into the collapse of MG Rover, including an explanation of why the results of the Government's investigation cannot now be made public in whole or in part.

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Ian Lucas): I am very pleased to be here to respond to the right hon. and learned Gentleman's question. On 31 May 2005, the then Secretary of State for Trade and Industry appointed Guy Newey QC and Gervase MacGregor, a forensic accountant at BDO Stoy Hayward, to examine the issues raised by the Financial Reporting Review Panel and the events leading up to the appointment of administrators on 8 April 2005.

After the collapse of MG Rover, a number of factors concerning the affairs of the company—including issues raised by the Financial Reporting Review Panel, which examined the published accounts of the Rover Group—resulted in the Secretary of State deciding to appoint Companies Act inspectors to carry out a thorough investigation. The inspectors were appointed under section 432 of the Companies Act 1985 and had wide powers to require documents and the attendance of witnesses, including directors, officers and agents of the company. They investigated the affairs of the MG Rover Group, its parent company Phoenix Venture Holdings, and MGR Capital Ltd, between the purchase of MG Rover Group from BMW in May 2000 and the date of its entering administration. The inspectors are independent of the Department.

The inspectors carried out a thorough review, and delivered their report to the Secretary of State for Business, Innovation and Skills on 11 June 2009. The Secretary of State has studied the report in full and taken legal advice on the next steps. After considering the report in its entirety, he has asked the Serious Fraud Office to review the report and consider whether there are any grounds for a criminal investigation. Following legal advice, this report will not be published at this time, in order to ensure that any criminal investigation or prosecution that the SFO might decide to take is not prejudiced. Publication now could also prejudice the possibility of a fair trial. The discretion of the Secretary of State to publish a Companies Act report when inspectors are appointed under section 432 is only to publish the whole report. The legislation does not provide for the report to be published in part.

Mr. Clarke: Does not that reply show that the Government's consistent approach to difficult questions about the car industry has always been to put them into the long grass? Does the Minister recall that, on 31 May 2005, the then Secretary of State for Trade and Industry, while declining to answer questions about the Government's role in the affair, set up the inquiry, saying:

"I have asked them to report to me as quickly as possible and in a form which will enable the report to be made public."

Does the Minister not accept that four years later, after £16 million-worth of taxpayers' money has been spent on this inquiry, it is quite inadequate now to decide to refer the issue again—this time to the Serious Fraud Office, which could have been brought in long ago? Is it not obvious that the whole point is to continue to avoid publication and to avoid answering questions about the Government's own role in this embarrassing affair?

Will the Minister try to answer today, if he is able, the question of why that particular consortium was selected by the Government to buy MG Rover from BMW in the first place, which was never clear? Will he also explain why, before the 2005 election, another Secretary of State spent £6.5 million-worth of taxpayers' money on a loan to keep the company alive through the general election campaign—a decision later described by the National Audit Office as a waste of public money?

Most particularly and finally, is the Minister not aware that the former MG Rover workers are hoping to benefit from the MG Rover trust fund, which holds £16 million from asset sales, but that none of that money can be disbursed until this report is published? The workers are innocent victims of the Secretary of State's ingenious discovery of another reason to avoid publication. Will he not reconsider the decision and just reflect on the fact that the Government's policy towards the car industry today shows the same combination of indecision and inactivity that it has shown on the inquiry into the affairs of the late MG Rover, which we are considering today?

Ian Lucas: I made it clear in my statement that the investigation under the Companies Act 1985 was an independent investigation carried out by individuals who are entirely independent of Government. The length of time taken by the investigation has been the result of the work carried out by the inspectors, and it would have been quite inappropriate for the Government to intervene in that investigation. It is surely the correct decision—as the right hon. and learned Member for Rushcliffe (Mr. Clarke), as a learned member of the Bar, will be aware—to consider the report and the evidence as a whole before making any decision to refer any investigation to a criminal authority such as the Serious Fraud Office. That is precisely the approach that the Secretary of State has undertaken. The report was delivered as recently as 11 June. The Secretary of State has acted quickly and has made a decision based on consideration of the evidence to refer this matter to the Serious Fraud Office. That decision has not been taken lightly; it is a serious matter and the Secretary of State has taken the entirely correct approach.

It would not be appropriate for me to comment on any allegations concerning the specifics of the history of MG Rover, because any comment I make, as the right hon. and learned Gentleman is well aware, could itself be prejudicial to any future criminal inquiry. I am very well aware of the position of those former employees of the MG Rover group, and of the trust fund, because of the concerns of my hon. Friend the Member for Birmingham, Northfield (Richard Burden). I am afraid that it is quite appropriate to refer these matters to the Serious Fraud Office, and until that inquiry and investigation is resolved, I regret that no further steps can be taken with regard to the trust fund.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): The decision to make a referral in this way raises extremely serious questions—not least, as has already been mentioned, concerning the manner in which the original investment decisions were taken, and what due diligence may or may not have been undertaken with regard both to the deal itself and to those involved in it. It also raises some fairly serious questions about what PricewaterhouseCoopers was doing for four years, and how the process has reached this particular point. In reaching the decision to make a referral to the Serious Fraud Office, what regard did the investigators have to the report of PWC, the administrators, which dealt with whether there was improper conduct? Can we now conclude that prima facie evidence of improper conduct has indeed been found?

May I pursue a point that has already been made? Notwithstanding the Minister's answer about the employees, it seems remarkably unfair that four years on they should still be waiting for payments. What can the Department do to expedite the payments that may be due to those employees?

Ian Lucas: With all due respect to the hon. Gentleman, it would be inappropriate to draw any conclusions at this stage from the Secretary of State's decision to refer the matter to the Serious Fraud Office. Any specific allegations that have been made will be considered in the context of the report as a whole, and the Serious Fraud Office will report in due course. I think that it is in the interests of all parties for its report to be delivered as expeditiously as possible, but the decisions to be made are in its hands, and we shall simply have to wait until those decisions are made.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): May I pass on the apologies of my hon. Friend the Member for Birmingham, Northfield (Richard Burden), who would be here if he were not stuck in traffic on his way to the House? May I also point out that Whips, who usually have to remain silent, are none the less present? For instance, my hon. Friend the Member for Birmingham, Hall Green (Steve McCabe) is present, but is unable to speak on behalf of his constituents.

I hope that none of the parties will use the MG Rover affair as a political football. Having referred it to the Serious Fraud Office, Ministers have less influence on the timing of the final report than they had before. Once the Minister has been given an indication of how much longer it might be delayed, will he engage in serious discussions on whether the trust fund can be released before its publication? I think that after four years, the most important aspect of the affair must be the position of the workers. They have been most affected by it, and they have a right to look to us to resolve it as quickly as possible.

Ian Lucas: My hon. Friend has made an important point. The position of the former employees of the MG Rover group must now be at the forefront of our minds, and I will do all I can to deal with it as fast as is humanly possible.

Miss Julie Kirkbride (Bromsgrove) (Con): As someone who represents a great many former Rover workers, may I tell the Minister that they are simply outraged at the time that it has taken for the report to be completed, and at the £16 million price tag that has been put on it? They now want answers. They want to know why they lost their jobs, and why, on the demise of MG Rover in April 2005, none of the company's assets still belonged to it. Bearing in mind that there may be an investigation, can the Minister at least put a finite time limit on when the report will be put in the public domain, thereby ensuring that the people who have been most affected by this whole tragic case can have access to the £16 million trust fund that is their desert and right?

Ian Lucas: I have, of course, a great deal of sympathy for the former workers at MG Rover. I well understand their frustration over the time that the investigation has taken. However, as I said earlier, the investigation conducted under the Companies Act was an independent investigation, and it would not have been appropriate for the Government to curtail it. It has been a complex investigation involving a great deal of work over a longer time than any of us would have wished, and for that reason I hope that the further step of referring the matter to the Serious Fraud Office can be dealt with as soon as possible. However, as I have said, the Serious Fraud Office is an independent body, and the matter is now in its hands.

Andrew Miller (Ellesmere Port and Neston) (Lab): I support what my Birmingham colleagues have said about the Rover work force. It is important for the trust issue to be resolved as quickly as possible. If my hon. Friend were to agree with the right hon. and learned Member for Rushcliffe (Mr. Clarke), would he ensure that precedents were addressed? I was not able to get reports on, for example, H. H. Robertson—which collapsed in the Tory days—into the public domain. There must be consistency across the piece.

Ian Lucas: I am grateful to my hon. Friend for raising that point. His parliamentary memory is rather longer than mine, although it is probably not as long as that of the right hon. and learned Member for Rushcliffe.

Peter Luff (Mid-Worcestershire) (Con): Fairly or unfairly, at a time of deep political cynicism among the public, the general feeling will be that this is an attempt to delay an embarrassing admission of guilt until after the general election. Will the Minister therefore say whether it is likely that any parts of this report that are not sub judice will contain criticisms of the Government? Are there any such criticisms of the Government in the report?

Ian Lucas: I am grateful to the hon. Gentleman for raising that point, but I regret that it would not be appropriate for me to make specific comments on the content of the report because, as I have already pointed out, these issues are now in the hands of the Serious Fraud Office and any statements that I might make concerning the detail of the report could prejudice further criminal proceedings.

John Hemming (Birmingham, Yardley) (LD): I have to make a rather unusual declaration of interest because, along with Mike Whitby and Carl Chinn, I was one of the people who opened negotiations with BMW and then got kicked out as a community representative from the bid, and although we may have residual legal rights, we would not wish to exercise them other than in the interests of the wider community. It is the wider community, of which I too am a representative, that needs to be thought of. A cost of £16 million for a report, plus

£16 million in the trust fund, is a lot of money. I therefore ask the Minister to consider whether it might be possible to negotiate a further contribution towards that from the Phoenix directors, to ensure that we can bring this to a conclusion that will benefit those who have suffered the most: the work force.

Ian Lucas: I have already made it clear that I have great concerns for the work force and that I will discuss their position with colleagues in the Department. I am very concerned about the trust fund, and we clearly need to facilitate access to that as soon as possible. At this moment, however, I am afraid that the investigation and the referral to the SFO must take precedence.

Mr. Andrew Mackay (Bracknell) (Con): During the Minister's disappointing statement, should he not have apologised for the fact that the Government traduced the previous owners, BMW, whose headquarters are in my constituency, and which did the right thing by the work force by selling for nothing to the new owners? Should he not also apologise for the Government's failure to accept the bid from Alchemy, which was clearly seen by everybody who knew anything about the industry as the only way to save jobs?

Ian Lucas: I am sorry that the right hon. Gentleman was disappointed by my statement, but I do not think it appropriate for the Government to comment on the detail of the report, because the matter has been referred to the SFO.

Mr. Mark Field (Cities of London and Westminster) (Con): Everyone shares the desire, which the Minister has pointed to, for a expeditious report, but will he try to ensure that the SFO's report is comprehensive enough to take into account the actions of the Government in their negotiations before May 2000 when the bid took place? Both my right hon. Friend the Member for Bracknell (Mr. Mackay) and my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) have alluded to this concern. There is a feeling that the fraud did not start recently, but may have taken place as much as eight years ago.

Ian Lucas: What comments and statements the SFO will make on the report are entirely a matter for the SFO.

Mr. Rob Wilson (Reading, East) (Con): Were Ministers or officials at the Department made aware of any concerns about illegal activity taking place at MG Rover at any time over the past four years? Is it really only since receiving the final report that Ministers became aware of a serious fraud?

Ian Lucas: As I have already made very clear, it is appropriate to consider all the evidence in this case. That is the step that was taken by the Secretary of State at the conclusion of the presentation of the report on 11 June, and it is on the basis of the consideration of all the evidence that the matter has now been referred to the SFO.

Speaker's Statement

3.49 pm

Mr. Speaker: I wish to make a brief statement. Last Thursday, at the end of the statement on swine flu, by which time I was no longer in the Chair, the hon. Member for West Chelmsford (Mr. Burns) raised a point of order about the apparent leaking earlier that day of the contents of my own statement announcing that the deputy speakership posts would be subject to election in the autumn. The Chairman of Ways and Means gave a holding reply to that point of order, and I now wish to respond substantively to it.

I share the dismay of the hon. Member for West Chelmsford that this leak occurred after I had, as I pointed out in my original statement on the deputy speakerships, consulted Government and Opposition Whips, as a matter of courtesy. I am confident that this leak did not come from my staff, and I know that it did not come from me. I wish in future to feel able, in advance of any comparable statement, to consult others before making it. However, I give notice today that if such a leak occurs on any future occasion, I shall no longer feel under any obligation to hold such consultations in advance. I am sorry that I have to be so blunt so early in my speakership, but this sort of behaviour is precisely what harms the reputation of this House, and I do not intend to tolerate it.

Building our Common Future

3.50 pm

The Secretary of State for International Development (Mr. Douglas Alexander): With permission, Mr. Speaker, I should like to make a statement about the White Paper on international development that I am publishing today. Copies of both the White Paper and this statement have been placed in the Vote Office.

We stand at a critical juncture for international development. Although millions have been lifted out of poverty over the past decade thanks to sustained economic growth, reforming Governments, debt relief and increases in aid, much of that progress that we have seen is now imperilled. The global recession, the climate crisis and ongoing conflict and fragility in many countries threaten now to turn back the clock on the development gains made since the beginning of this century. The White Paper therefore sets out how the Government will pursue the fight against global poverty, and places new emphasis on four key areas: supporting growth; tackling climate change; tackling conflict and fragility; and improving the international system. I will say more about each of those areas in turn, but I will first set out the context for the White Paper.

The past decade has, of course, seen real achievements in the fight against global poverty: aid increases and debt cancellation have helped to get 40 million more children into schools around the world; the number of people with access to AIDS treatment has increased from just 100,000 to more than 3 million today; and the proportion of the world's population living in extreme poverty has fallen from a third to a quarter. Yet it is clear that with 9 million children dying each year, 70 million denied the opportunity to go to school, and a billion people around the world still without enough to eat, the world remains far from meeting the millennium development goals set in 2000.

Now the global recession threatens to trap as many as 90 million more people in poverty, which would push back progress towards the first MDG—the goal of eradicating extreme poverty and hunger—by as much as three years. The likely impact of the economic crisis is a stark reminder that the gains made in moving towards the MDGs can indeed be fragile. Those gains are also threatened by the advance of climate change—if temperatures continue to rise at current levels, an extra 600 million people will be affected by malnutrition by the end of the century—and by the effects of conflict and poor governance. Each year, at least 740,000 people are killed as a result of armed violence, with many more injured or disabled. So unless all three of those global challenges—the recession, climate change and conflict—are tackled, the MDGs will be pushed further out of reach.

Now is therefore not the time to turn away from the mission to tackle global poverty. I am proud to say that the Government are keeping the promises that we made to dedicate 0.7 per cent. of national income to development assistance by 2013. By next year our assistance will be equivalent to 0.56 per cent. of national income, in line with the European Union's collective commitment, and by next year we will have nearly trebled our bilateral and multilateral aid to Africa since 2004. Half our global bilateral aid will be invested in public services, helping to get 8 million children into school across Africa, and delivering not only our promised 20 million anti-malaria bed nets by next year, but an additional 30 million treated bed nets by 2013. We will work with others to help developing countries provide free health care to their citizens, and we will press the international community for more support to save 6 million mothers and babies by 2015.

We will continue to tackle sickness, hunger and illiteracy across the developing world. We will also support developing countries to pursue economic growth, to protect their citizens from the impact of climate change, to help resolve conflicts and to build capable, accountable and responsive states.

Let me take each of those challenges in turn. I am sure that we would all accept that growth is the exit route out of poverty and aid dependence. Fifty years ago, income rates in east Asia were equivalent to those in Africa; today, incomes in east Asia are five times higher. In the midst of this recession, we will help to protect 50 million poor people in more than 20 countries from the worst effects of the present downturn. We will press for the rapid delivery of the commitments made by the G20 at the London summit to provide further financial support to the poorest countries. We will work towards concluding a successful and equitable Doha development round that would boost the global economy by more than $150 billion a year.

We will help developing countries to build fairer and more sustainable economic growth, double our agricultural research funding, and provide investment for infrastructure and reforms that will help African countries to trade with each other and the world. The Fairtrade label now certifies more than £1 billion-worth of goods, helping more than 7 million producers and their families around the world. We will continue to support that success story, and indeed quadruple our support for Fairtrade and ethical trading.

We will advance our work with law enforcement agencies to clamp down on bribery and corruption, which have a parasitic effect on many economies. DFID support to the Metropolitan police has already led to the recovery of £20 million of assets and the freezing of £131 million of assets. We will now triple our investment in these efforts, supporting the Serious Organised Crime Agency and the Crown Prosecution Service, and helping the Met to pursue more investigations across more countries.

The scale of the economic crisis and its impact on the developing world is now clear, but climate change presents, if anything, an even greater long-term threat to the prospects of alleviating poverty in the developing world. Two weeks ago, my right hon. Friend the Prime Minister and my right hon. Friend the Secretary of State for Energy and Climate Change launched the UK's Copenhagen manifesto, setting out our detailed proposals for an ambitious deal in Copenhagen at the end of the year.

This White Paper will ensure that new and additional finance is made available, over and above our aid commitment to reach 0.7 per cent. of gross national income. We will also increase our investment in helping developing countries to mitigate and adapt to climate change, but set a limit of up to 10 per cent. of official development assistance.

We will also give countries practical support to help in that process of adaptation, including by supporting the world-renowned Hadley Centre to model the effects of climate change in developing countries. We will also encourage low carbon development by investing in clean technology and tackling avoidable deforestation.

Alongside the climate and financial crises, the third great threat to continued progress in reducing global poverty is the continuing and enduring level of conflict and state fragility. One third of the world's poorest people live in conflict-affected or fragile countries. Half of all children who die before their fifth birthday live in such places. If we are to make further progress towards meeting the millennium development goals, we must work differently in those countries and directly address the causes of war and weak government. Half of all our new bilateral aid will go to fragile and conflict-affected countries. We will place security and justice alongside other basic services—tripling spending on those areas and addressing violence against women in particular as a priority. We will also create jobs, benefiting 7.5 million people in five fragile countries by 2013. In all fragile countries, we will help to develop joint strategies with our colleagues in the Foreign Office and the Ministry of Defence. Internationally, we will press for the United Nations, the World Bank and the European Union to provide rapid assistance in the aftermath of conflict.

It is increasingly clear that global challenges demand global solutions. If we want to make real progress in solving the economic crisis, the climate crisis and the persistence of ongoing conflict, we will need to work more, not less, through the international system. But if international institutions are to live up to these new responsibilities, they must become more accountable, more responsive to and more able to address current challenges, and more representative of all their constituents.

The White Paper sets out our strategy for improving the effectiveness of international institutions in tackling global poverty in the years ahead. We will invest a higher proportion of our new aid resources through the international system in return for securing key reforms. Our funding for the United Nations will be subject to performance and will be increasingly channelled in ways that encourage UN agencies to deliver as one in developing countries. We will push for the creation of a single, powerful UN agency for women by merging existing structures and will at least double our core funding for work on gender equality to the UN.

In Europe, we will press for the EU to create a single development commissioner, to re-prioritise resources towards fragile countries in Asia and the middle east and to make poverty reduction a primary aim of all EU external policies such as those on climate and security. We will continue to press for improved governance and performance of the World Bank, the International Monetary Fund and the regional development banks so that they can do more to support poor countries during the downturn. To meet growing humanitarian demands, we will lobby internationally for a stronger humanitarian system and humanitarian access, including through increasing the UN's central emergency response fund.

In turn, we will maintain our own rigorous focus on aid effectiveness and the effectiveness of DFID as an organisation to deliver on its mission of poverty reduction. At this time of economic challenge, we will work harder than ever to ensure that every pound of UK aid contributes to direct and tangible results. We will prioritise our efforts and work in fewer countries. We will deliver an additional £155 million of efficiency savings by next year by making value for money improvements in our research budget and other areas.

As well as meeting our commitments on aid effectiveness made in the Paris declaration and in the Accra agenda for action last September, we will further improve the transparency of the projects we fund through a new searchable database on our website. We will set aside at least 5 per cent. of budget support funds to help developing countries' Governments to improve accountability to their citizens. We will establish deeper and broader partnerships with civil society organisations and the private sector, doubling our central support to civil society to £300 million a year and launching a new innovation fund to help community groups and individuals in the UK to support small but innovative development projects.

Finally, as the Select Committee on International Development noted in its recent report, signs that the downturn is beginning to undermine previously strong support in the United Kingdom cause concern for all of us who are concerned about development. The White Paper sets out our plans to do more to help show the UK public how Government assistance is helping to fight poverty, including through the use of the new UKaid logo to increase the visibility of our work.

In conclusion, the mission of the Department for International Development, as clearly set out by the White Paper, will remain reducing poverty and supporting sustainable development. A world in which too many countries lack not only the basics of life but the opportunity to fulfil their aspirations diminishes us all. For the Government—and for many people across the United Kingdom—this is a profoundly moral cause, but in the 21st century development is not merely a moral cause: it is also a common cause.

Several hon. Members *rose—*

Mr. Speaker: Order. I am extremely grateful, and I am sure that the House will be. However, the Secretary of State modestly exceeded his allotted time. I hope that the House will take it in the proper spirit when I say that in future, in accordance with Standing Orders, I am keen to enforce those time limits, principally in the interests of Back Benchers.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): I thank the Secretary of State for his statement. There is much in the White Paper that we welcome, not least since it adopts a number of themes and specific ideas that the Opposition have been championing now for more than four years. We welcome his commitment to do more on agriculture and to focus on women, who bear the brunt of conflict and poverty. We look forward to hearing how he will breathe new life into the very important Doha process.

This time of economic crisis, which particularly affects the world's poor, is a time not to withdraw our support but to redouble our international development efforts. Poverty breeds extremism, incubates disease and drives migration and conflict. Tackling poverty and deprivation is not merely a moral duty that we must discharge with passion and rigour—it is also in our best national interest.

[Mr. Andrew Mitchell]

It is also a matter of relief to many of our fellow citizens that this is no longer a Labour or Conservative agenda but a British agenda that commands widespread support. The Government are clearly listening to Conservative arguments on international development, particularly on the need to improve our performance in fragile states.

Over the past few years, I have seen for myself the impressive work done by DFID staff in a number of conflict-affected countries—the Democratic Republic of the Congo, Sudan, Burma, the Somalia border, Iraq, Afghanistan and the west bank—and I pay tribute to DFID's brave staff, who put themselves in harm's way in those places. One thing that has emerged from those visits is the intense difficulty of operating effectively in such environments. Security costs are often astronomic. The capacity of the Governments with whom we work is frequently, by definition, very low or non-existent. Insecurity makes monitoring and evaluation difficult. The risk of corruption is high. Local politics is often opaque and complex, and there is a real risk of aid exacerbating tensions.

As the recent highly critical evaluation of DFID's performance in Afghanistan has shown, we need a dramatic improvement in the effectiveness of our aid in conflict and war zones. What estimate has the Secretary of State made of the increased security cost to his Department of working more in fragile states? He will be well aware of the National Audit Office report that found that only half of DFID projects in the most insecure countries achieve their aims and that almost a quarter suffer from fraud or financial problems. Does he accept that, if we are to get value for money from our spending in those countries, we need radically to improve the quality of our aid effort and demonstrate that through independent assessment and validation, so that any lessons can be learned?

The Secretary of State is rightly keen to raise the profile and visibility of British aid, but he will be aware that, in this age of austerity, spending on rebranding will be very carefully scrutinised. How much does he estimate that the rebranding exercise will cost? What value-for-money inquiries and cost-benefit analysis did he undertake before announcing this policy? Does he recognise the risk that UKaid could be confused with USAID. Does he agree that the most effective way to raise awareness and public support for British aid is to focus on the outcomes and achievements that it generates, rather than on the inputs so beloved of the Government?

The White Paper has been launched during the dying days of this Labour Government. The country and Britain's international development effort need a renewed sense of direction. There are some good points and sensible suggestions in the White Paper that we strongly support, because many of them originated on this side of the House. I hope that we will all have the opportunity to debate them at more length over the coming months, for the prize of a more effective British international development effort is clear: a better life for millions of people and a safer world for Britain.

Mr. Alexander: I thank the hon. Gentleman both for his welcome of the White Paper and his warm words of congratulations to the staff of the Department. It has been a great privilege for me over the past couple of years to work with an extremely expert, experienced and dedicated staff, and I think that there is a consensus on both sides of the House that they are among the best of British and that they deserve our congratulations.

Although the challenge of climate change is a key theme of the White Paper and we all recognise that recycling is a necessary part of responding to climate change, the hon. Gentleman will notice that we did not accept all the Conservatives' proposals—for example, the recycled assisted places scheme, under which British aid money would be spent on promoting private education in developing countries. By contrast, the key theme of the White Paper is extending access across the developing world to public education that is available to all. It has not been because of ideological dogma that DFID has come to be recognised as a global leader over the past decade; it is because we have undertaken the hard yards of investing in new schools, new classrooms and new teachers and worked closely with Governments and a range of other organisations, including non-governmental organisations, to deliver those changes.

I congratulate the hon. Gentleman on his brass neck in suggesting that there is widespread support for the DFID budget, as his statement comes only a week after it was exclusively revealed on the Conservative homepage that only 4 per cent. of endorsed Conservative candidates support the protection of DFID's budget—less than one in 20 does not seem to me to be a commendation of the proposals advanced by Opposition Front Benchers. However, I am confident that, if we take the right steps, there will be a broad consensus in favour of the proposals set out in the White Paper.

The rebranding—the use of the UKaid logo—is a necessary step in response to concerns that the public have expressed not just to the Department but to the International Development Committee about the profile of UK development expenditure. Frankly, perhaps in the past, DFID has been the best-kept secret in the British Government, and I make no apology for the expenditure that has been incurred in making sure that we have branding that will, I believe, resonate with the British public in time, as a reflection of their long-standing commitment to the concerns of international development.

The hon. Gentleman mentioned the quality of international aid. Perhaps the most obvious example, given the question that he posed, is Afghanistan. He asked what the independent assessments were. I reflect on the recent Oxfam report on Afghanistan, in which the Department for International Development was highly commended for working, albeit in challenging circumstances, with the Government of Afghanistan. We will continue to pursue that course, with all the necessary caveats relating to corruption and the protection of British taxpayers' money, because we believe that it offers a better, more sustainable way to deliver aid. Finally, I genuinely believe that there is potential for public consensus on development in the future. I believe that the White Paper takes a significant step towards answering the questions that the British public have had in their minds.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): May I, too, thank the Secretary of State for an advance copy of the statement and the White Paper? However, I echo the shadow International

Development Secretary's plea for a full debate on this substantive issue as soon as possible. In a world of enormous disparities of wealth and life experience, we clearly have huge moral responsibilities to provide official development assistance, as the White Paper recognises. However, in a world that is increasingly globalised and interdependent, and where the consequences of poverty, conflict and climate change affect all of us, there is also a clear national interest in supporting developing countries as they tackle challenges of an unprecedented nature and scale.

We on the Liberal Democrat Benches will study the White Paper carefully, but we certainly support the identification of conflict and climate change as key priorities, alongside the still-important focus on poverty, hunger and disease. Will the Secretary of State confirm that the White Paper does not signal a departure from the primary pro-poor focus of his Department? The resources required to deliver on the priorities are underscored by the welcome continued commitment to the 0.7 per cent. target, but we still have no indication of how that spending level will be reached.

In the absence of a comprehensive spending review, will the Secretary of State publish his Department's detailed planning assumptions, showing how it wants the resources to be allocated in the run-up to 2013? In the absence of a strategic defence review, will he tell us how other Departments will be reconfigured to make effective use of the welcome extra resources planned for conflict issues? On interdepartmental working, will he confirm that as he allocates funding to deal with climate change and conflict to other Departments, his Department's increased resources will not simply be laundered to the Ministry of Defence and others to bail them out of the Government's overall Budget crisis?

The Secretary of State's ambitious agenda is being set out at a time when his Department continues to reduce its staffing complement. Surely that means that ever-larger cheques will be written to international organisations, so how will he ensure that he achieves his avowed intent to improve accountability and transparency in the provision of development assistance? Finally, he pledges the rapid delivery of the recent G20 commitments, but how can anyone take that seriously when a key part of it, the G8 countries, have failed miserably to deliver on the Gleneagles promises of four years ago?

Mr. Alexander: I thank the hon. Gentleman for his welcome endorsement of the themes of conflict and climate change in the White Paper, and indeed for his broad agreement, if that is not to prejudge the debate that I hope we can have in the months ahead on the themes that the White Paper sets out. I am happy to give the confirmation that he seeks that the focus of the Department will remain poverty reduction—the pro-poor focus, as he describes it. The themes that emerged in the White Paper reflected the insights that we have garnered in recent years, which showed us that to deliver fully on the millennium development goals and that pro-poor agenda, we needed better to incorporate climate change, and the challenge of working in fragile and conflict-affected states—and indeed with the whole multilateral system—than we have perhaps done in the past.

As for the Government's position on forward public expenditure, it is of course the Government's long-standing position that we will meet the target of 0.7 per cent. by 2013. The credibility of that claim rests not simply on its recent reiteration by our Prime Minister, but on the fact that as recently as the previous spending review, we were clearly on track to meet that commitment, and that continues to be the case.

On the hon. Gentleman's rather inelegant but challenging phrase about interdepartmental working and the laundering of the DFID budget, I simply ask him to reflect on the fact that it is not a former Prime Minister of the Labour party and a former Foreign Secretary of the Labour party who have, in recent days, argued for the reincorporation of the Department for International Development into the Foreign and Commonwealth Office; that proposal came from Members on the Conservative Benches. I can assure the hon. Gentleman that we are sincere in our commitment that DFID should remain a separate and distinctive Cabinet-rank Department that is determined to work effectively with our colleagues in the Foreign Office and in the Ministry of Defence.

In relation to the issue of accountability and transparency that the hon. Gentleman raises, we have listened carefully to recommendations from the International Development Committee on how we could improve our website to make sure that there is a searchable facility whereby we will be able to provide better and more accessible information, not just here in the United Kingdom, but internationally.

On the hon. Gentleman's final point, I can assure him that, in the days between now and L'Aquila and in the preceding weeks, the British Government will be and have been arguing with our G8 colleagues that now is the time to publish what could be called a Gleneagles framework whereby the whole world will be able to judge by the time of the L'Aquila summit which countries have met their Gleneagles commitments and which countries have fallen behind. I welcome the fact that as recently as last month one stated categorically that the British Government were meeting their Gleneagles commitments. I hope that in the days between now and L'Aquila, other countries will reflect on their responsibilities and set out credible recovery paths.

Several hon. Members *rose—*

Mr. Speaker: Order. Eighteen Members are seeking to catch my eye. I am naturally keen to accommodate as many of them as possible. I therefore look to each Member to ask one brief supplementary question and, of course, to the Secretary of State to offer us a characteristically succinct reply.

Hilary Armstrong (North-West Durham) (Lab): I congratulate my right hon. Friend on this important White Paper. Will he and his fellow Ministers back up the very welcome commitment to seek a single UN agency for women by working with other countries to make sure that they give that commitment and the financial support to such an agency? That will make a tremendous difference in developing countries, where women do most of the work.

Mr. Alexander: Let me begin by succinctly paying tribute to my right hon. Friend's long-standing concern and campaigning on development issues. I am able to give her the assurance that she seeks. As recently as last week, when Helen Clark, the administrator of the United

[Mr. Douglas Alexander]

Nations Development Programme, was in the Department, I was able to discuss with her the importance of the coherence of the UN's effort, and nowhere is that effort more needed than in relation to a single agency dealing with the gender question.

Malcolm Bruce (Gordon) (LD): I thank the Secretary of State for the White Paper, and for taking account of many of the recommendations of the International Development Committee. He is right to say that in the present climate aid, is needed more, not less, and we need public understanding and backing for that. On the conflict country support, will he clarify how many fewer countries the Department will operate in? If 50 per cent. of the bilateral money is going into conflict, what will that mean in a situation where multilateral donations are rising? Can he put a figure on the sum we are talking about?

Mr. Alexander: I fear that I will have the opportunity to answer the right hon. Gentleman's questions in a great deal more detail shortly, when I appear before his Committee. Let me record my gratitude for the work of the Committee; it has been invaluable in framing our analysis and our prescription in the latest White Paper.

On the specific point that the right hon. Gentleman raises, this is not a sudden handbrake turn for the Department. He is as aware as I am that over recent years we have reduced the number of countries in which we have been working—my recollection is that we have done so by about 10 in recent years. We plan to continue that progress on the basis of the best principles of aid effectiveness, rather than a sudden move towards working in conflict and fragile affected states. However, we also want to see an improvement in the effectiveness of the multilateral system so that some countries can take more of the burden than they have done in recent years.

Hugh Bayley (City of York) (Lab): When donor countries pool their resources in multilateral institutions, they raise substantially more people out of poverty per pound spent than when countries go it alone with their own bilateral programmes. I am pleased to see the Government's commitment to multilateral aid in the White Paper, but what will they do to persuade other countries to do the same?

Mr. Alexander: As in so many areas, I hope the Department has the opportunity to lead by example. I do not see a choice between increasing the resources to the multilateral system and improving our policy influence over those multilateral institutions. I believe we can demonstrate to other donors a continuing—indeed, increasing—commitment to those institutions, at the same time as convincing them that they can have real influence to ensure a progressive outcome to the policy agenda.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I welcome the Secretary of State's emphasis on growth as the only sustainable route out of poverty, and I am delighted that he has decided to reverse the mistaken and long-standing decline in the share of aid going to agriculture and infrastructure, but does he agree that the countries that have been most successful in growing out of poverty are those that have traded out of poverty? Will he therefore put more emphasis on extending duty-free, quota-free access to all low-income countries, not just less-developed countries, and on making more generous and simple the rules of origin, which at present inhibit many countries in taking advantage of duty-free access?

Mr. Alexander: I know that the right hon. Gentleman has prior knowledge of many of those issues from the globalisation report that he published some time ago, but, as the Minister of State, Department for International Development, my hon. Friend the Member for Harrow, West (Mr. Thomas) suggests from the Front Bench, in relation to economic partnership agreements, some progress has been made on one of the issues that the right hon. Gentleman addressed.

On duty-free and quota-free access, however, there is a judgment to be made about whether we should push the development part of a multilateral deal, or whether we best serve the interests of developing countries by going for a comprehensive conclusion to the Doha round. It would be a great risk at this stage, with the election of a new Congress party Government in India and a more realistic prospect than there has been recently of a breakthrough on Doha in the months ahead, if we averted our gaze from the prize of a Doha deal and looked at what would, none the less, be an important part of a deal for developing countries.

I can assure the right hon. Gentleman that no Government have been stronger in their resolve to try to conclude the Doha round than the British Government. Our Prime Minister continues to take a very active role, discussing with Pascal Lamy and others what progress can be made, and, as I have said, on the basis of certain changes among key players, I feel a cautious optimism that we may see real progress in the months ahead.

Mr. Eric Joyce (Falkirk) (Lab): My right hon. Friend will be aware that the US Government tie US aid very tightly, in some respects, to US foreign policy objectives. Can he confirm that he has no plans to do the same in the UK when it comes to UK aid by, for example, reintegrating DFID with the Foreign and Commonwealth Office?

Mr. Alexander: Yes, I am very happy to give my hon. Friend the assurance that he seeks. Distinguished members of the Labour party do not propose that approach; it is, however, the approach of the former Prime Minister and the former Foreign Secretary from the Conservative party.

Mr. Andrew Mitchell: But not that of Conservative Front Benchers.

Mr. Alexander: I hear that it is not the position of Conservative Front Benchers. They do not seem to command the support of the former Prime Minister, the former Foreign Secretary or the prospective candidates of the Conservative party: quite whom they speak for is really for them to answer.

Dr. Andrew Murrison (Westbury) (Con): The Minister has made a big virtue of spending an increasing proportion of our aid through international bodies, but does he consider it wise to spend ever-increasing amounts of money through the European Union? It is widely regarded

as being pretty poor when it comes to spending money efficiently, and it has been widely criticised for spending money on populations that cannot be described as among the world's poorest.

Mr. Alexander: Once again, Conservative Back Benchers seem to be rather at odds with Conservative Front Benchers, because, if I recollect properly, the leader of the Conservative party recently made a speech in which he said that the European Union had a key role to play in climate change and in tackling global poverty. However, I do not want to intrude on private grief.

On the hon. Gentleman's substantive point, I agree that the European Union has a central role to play in tackling global poverty, and I welcome the real strides that have been made in reforming the EU's development budget in recent years. The case that we will make towards the end of the year for a powerful single EU development commissioner will strengthen the arm of those who want further reform in the EU. However, this issue exposes a fundamental difference between the parties: some on the Opposition Front Bench argue for multilateralism but do not command the support of all their party; on the Government Benches, there is a universal consensus that there should be excellence in our bilateral programme and that we should work multilaterally to tackle global poverty.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): In congratulating my right hon. Friend on the extremely effective and compassionate work carried out by his Department, whose role before its existence was one responsibility of a junior Minister in the Tory Foreign Office, may I ask what success he is having in getting aid into Gaza, which I know he has visited, but off which in international waters last week the Israeli navy committed an act of piracy against an aid ship and kidnapped its crew?

Mr. Alexander: I am grateful for the words offered by my right hon. Friend, who has a long-standing commitment not just to the concerns and suffering of the people of Gaza, but to people throughout the developing world. He knows, as I do, that the Government have been pressing hard on the Israeli Government to allow not simply access for the aid we have provided, but for aid workers from a range of British NGOs to undertake their vital humanitarian work. We have not seen the progress that all of us, from all parts of the House, would have liked from the Israeli Government, but we continue to press the case for humanitarian supplies to be allowed free and unfettered access to Gaza. Ships should not need to travel to the coast of Gaza, because there should be free and unfettered access in Rafah and at the other land-based crossings, and I assure my right hon. Friend that we will continue to press that case to Prime Minister Netanyahu and his Ministers.

Mr. Nigel Evans (Ribble Valley) (Con): I have learned from my discussions with Commonwealth Members of Parliament that the thing that upsets them more than almost anything else about international aid is how much of it is spent on consultants' reports, which are fairly widespread when aid is given, not only by the UK but by countries throughout the world. Will the Secretary of State assure us that he will look critically at how much of his departmental money goes on consultants' reports? Will he ensure that the money spent on them is minimised as much as possible so that more money gets through to the front line?

Mr. Alexander: I shall be happy to write to the hon. Gentleman on that matter. I shall set out the details in the letter, but my recollection is that there has been such a reduction recently. However, I come back to the latest independent review of DFID's work; it said that DFID was a world leader in aid effectiveness. That did not happen by chance, but by choice. We are continually looking at how we can deliver aid most effectively. Obviously, that varies from country to country, but I am glad to say that we have made progress that has established DFID as a global leader in recent years. However, we are never complacent.

Barry Gardiner (Brent, North) (Lab): My right hon. Friend is absolutely right to say that poverty reduction requires us to focus on climate change; that was a welcome part of his statement. Will he go slightly further and recognise that in tackling climate change as part of the anti-poverty strategy, we must focus on land-use change and ecosystem services, which are a part of the parcel?

Mr. Alexander: I recognise the centrality of both those issues to the challenges described in the White Paper and I pay tribute to my hon. Friend for the service and work that he has undertaken, particularly on forestry.

In 2005, I was privileged in taking seven busloads of my constituents to the streets of Edinburgh in our shared plea to make poverty history. Unless we now engage in the policy consequences and challenges of climate change, poverty will become the future for billions of our fellow citizens. That insight underpins the policy prescriptions of the White Paper.

Hywel Williams (Caernarfon) (PC): What discussions has the Secretary of State had with the non-governmental aid organisations about prioritising some of the budgets on security and justice? Given their aims and campaigns, does he enjoy their full and unqualified support for that prioritisation?

Mr. Alexander: Anybody with even a fleeting acquaintance with development NGOs in the United Kingdom knows that they never agree with each other, never mind with every paragraph of a White Paper—even one from the Department for International Development. In recent weeks, we have been unstinting in our efforts to try to ensure a genuine consultation and dialogue with the NGOs; if I remember rightly, we have had eight or nine regional consultation events around the country to make sure that not only London-based NGOs, but those right across the United Kingdom, can contribute.

We have received about 2,500 responses to the White Paper from a range of institutions, individuals and organisations. Some of the concerns that they might have had about our full commitment to NGOs have been answered by the doubling of our funding to civil society organisations. Whatever issues they might have about the focus on conflict in fragile affected states, they are issues on which we can work with NGOs in the years ahead.

Tom Levitt (High Peak) (Lab): In eight weeks' time, I shall be in Tanzania—at my own expense—looking at what is being done by British university students working in Tanzanian schools for the summer. They are there under the auspices of READ International, a charity of which I am patron. Does my right hon. Friend agree that however good the relationships between voluntary organisations in this country and services in developing countries, and between our Government and Governments such as Tanzania's, our aim has to be to ensure that the capacity of Governments in developing countries is sufficient for them to make their own decisions about how they manage services such as education? That is preferable to a paternalist or dogmatic approach to the sort of education that should be delivered, which appears to be the message coming from some on the Conservative Benches.

Mr. Alexander: I agree with my hon. Friend about the importance of capacity-building and the continuing country-led development that runs like a golden thread through the White Paper. I pay tribute to the organisation he describes and to the thousands of others across the United Kingdom that undertake vital contributions to the task of development. Their work inspired us to announce a new innovation fund in the White Paper. It will allow small organisations in constituencies across the country to apply for often small sums that could facilitate exactly the kind of visit that my hon. Friend is making.

Mr. Nicholas Soames (Mid-Sussex) (Con): I applaud the renewed emphasis on agriculture and infrastructure. What are the two biggest research projects that the Secretary of State's Department is undertaking, and from which other projects does he intend to save £155 million?

Mr. Alexander: We are undertaking a significant programme of agricultural research; we committed £1 billion towards research only last year. I will set out the figures for the hon. Gentleman in correspondence later. We have looked carefully at finding ways better to align that spend in what is a significant envelope to ensure that we get the most effective return. Our particular focus on agricultural research, which has moved up the agenda relative to the traditional health research that we have performed for several years, stems from our belief that it is the most effective way of engaging effectively within agriculture. Under a previous Government, there were a large number of agronomists within DFID, as well as many field-based workers. That is no longer the most effective contribution that we can make, which is instead to contribute to the raising of agricultural productivity, particularly in sub-Saharan Africa, in a manner that was achieved on the Indian sub-continent 20 to 30 years ago.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I very much welcome the new emphasis on fragile and conflict countries and my right hon. Friend's intention to develop joint strategies with the Ministry of Defence and the Foreign Office. Should the statutory definition of poverty reduction be found to be a hindrance in that development of joint strategies, either here or in working with other countries, will he have an open mind in reconsidering some of those parameters?

Mr. Alexander: I read with some interest a recent report indicating that statutory change was necessary, but that has not been my experience as Secretary of State for International Development; indeed, I struggle to think of a single instance where I have felt constrained in the choices put before me under landmark legislation passed by this Labour Government. It is vital that we continue to be trusted as an organisation that sees poverty reduction as its core task, while at the same time working in an effective and collaborative manner with our colleagues in the Foreign Office and the MOD.

Mr. Philip Hollobone (Kettering) (Con): The Kettering-based charity, Casa Alianza, is a world leader in providing effective aid to street children, particularly in central America, many of whom suffer abuse at the hands of state authorities and local and national police forces. What emphasis does the White Paper place on helping the growing number of street children across the world?

Mr. Alexander: The White Paper contains language on the challenge of urbanisation, which is directly related to the issue of street children. There is a strong and continuing focus on the need to provide basic health services, which are essential to the needs of street children. At the same time, we are considering the challenge of providing education, because many street children find themselves in circumstances where they are denied formal education. We are also seeking to increase our investment in social protection, because in many households it is the absence of income that has driven children on to the streets. I applaud the efforts of the charity in question, which are reflected in several other charities working on this important issue across the United Kingdom. If the hon. Gentleman sends me further details of the charity, I shall certainly be interested to have a look at them.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My right hon. Friend will be aware of the growing concern in Parliament and beyond about the scandal of vulture funds. How will the White Paper allow the Government to further their work in tackling this issue?

Mr. Alexander: The formal answer to my hon. Friend is that my colleagues in the Treasury lead on these issues. I would simply reflect on the fact that, as in other areas of policy, the challenge is to build a consensus on how we can move forward. I recognise that there is strong pressure growing as regards vulture funds. I take heart from the fact that in an equivalent campaign in relation to tax havens, we have seen, as a result of the leadership of our own Prime Minister at the G20, decisive action that I hope will be taken forward in Pittsburgh in September.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): The House is aware that many of the countries to which funds go have high levels of corruption and the leadership probably have overseas bank accounts. In the interests of proper accountability, is the Secretary of State able to give us a percentage of the amount of money given by his Department that reaches the people for whom it is intended rather than a Swiss bank account?

Mr. Alexander: It is a sad fact that corruption is both a cause and a consequence of poverty, and it is almost inevitable that if we have a Department focused on

global poverty reduction, it will be working in environments where there is a real challenge in relation to bribery and corruption. It is for exactly that reason that we put such emphasis on building the capacity and public financial management of those countries. However, we have a zero-tolerance policy in relation to the misuse of British aid, and if the hon. Gentleman is aware of any examples of aid being misused anywhere across our global network, I will be grateful to take receipt of them.

David Simpson (Upper Bann) (DUP): I also welcome the Secretary of State's statement. He will be aware of a recent meeting that I had with him and an agency called Christian Blind Mission, which works in the field of preventive procedures against blindness and child poverty right across the developing world. Does he agree that organisations such as CBM and others in the UK deliver the value for money that he mentioned in his statement?

Mr. Alexander: As I shared with the hon. Gentleman when I met him and a representative of CBM, I think my ancestors would cry out if I did not pay tribute to such organisations, given that both my grandfather and grandmother were medical missionaries. We are fully aware of the contribution that organisations such as CBM have made over many years to tackling the scourge of blindness in the developing world.

I also shared with the hon. Gentleman the recent experience that I had on the Thai-Burma border, where a Scottish surgeon, using his holidays from work as an NHS surgeon in Aberdeen, had flown out and people had walked across the border from Burma to receive free treatment at a hospital on the border. I hugely admire the work of not just CBM but many other committed people of conscience and good will in this field. I would certainly welcome the opportunity to take forward our dialogue with that organisation.

Bob Spink (Castle Point) (Ind): I warmly welcome the White Paper, with one caveat, which perhaps the Secretary of State's grandparents would agree with. Malaria is killing millions of people, particularly children under five, in sub-Saharan Africa, yet it is not one of the key priorities such as climate change and conflict. Will he look again at that and ensure that we do nothing to threaten the funding for malaria research and prevention, and indeed consider increasing it? That is one of the key ways in which we can help the world.

Mr. Alexander: I should correct the hon. Gentleman. I emphasised in my remarks the fact that we are making forward our spending on malaria. I am glad to confirm that we will be increasing the number of treated bed nets that we were committed to prior to the White Paper, because I have seen for myself in developing countries, and our experts have seen, case after case in which insecticide-treated malarial bed nets can make a huge difference to the rate of infection and reinfection. That is why I made a judgment that we should not end our commitment at 2010 but take it forward thereafter, and I am proud to reiterate that today.

Opposition Day

[15TH ALLOTTED DAY]

Young People in the Recession

Mr. Deputy Speaker (Sir Michael Lord): I have to tell the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

4.37 pm

Mr. John Hayes (South Holland and The Deepings) (Con): I beg to move,

That this House deeply regrets that young people are amongst the principal victims of the recession; is profoundly concerned that limits on entry to higher education mean tens of thousands of suitably qualified young people will be left without a university or college place in autumn 2009; is concerned by reports that graduates face the worst job prospects for decades; regrets that the number of young people starting an apprenticeship is falling and that the number of young people not in any kind of education, employment or training has risen to nearly one million; regrets that Ministers did not support proposals to fund 25,000 new Masters degrees in science, technology, engineering and mathematics subjects in this year's Budget; and calls on Ministers to refocus Train to Gain provision to provide 100,000 extra training places and support the thousands of apprentices who risk losing their training places during this recession.

Youth is bound to hope. Benjamin Disraeli wrote that

"the Youth of a Nation are the trustees of Posterity."

As the recession bites, young Britons are being bitten hard; their hopes torn apart, their futures damaged. I move this motion, in my name and those of my right hon. and hon. Friends, in sorrow. We are sorrowful for the school leavers who hoped to go to university but will not; sorrowful for the graduates who hoped to find good jobs but cannot; sorrowful for the forgotten army of 1 million youths not in education, employment or training, who once dared to dream but now do not. Every Member of the House should share my sorrow that Britain in 2009 has come to this, and share my anger at a Government who could have done more and should do better.

As the economy shrinks, unemployment grows. The number of NEETs went up even in the good times. As the economy grew, we failed to give opportunities to young people, so what hope for them now? I hope that the Minister for Higher Education and Intellectual Property, who I know is a man of good faith and cares about these things, will apologise for the fact that we failed to provide opportunity for so many young Britons in constituencies such as his and mine. He knows that, as the economy grew and jobs were created, three out of four went to people coming into Britain rather than to people already here. As the demand for skills grows, the number of learners in further education plummets, advanced apprenticeship places fall and adult learning has all but disappeared from communities throughout the country.

As Britain's chance to compete becomes ever more dependent on a highly skilled, educated work force, the number of people with level 3 skills and above remains less than that in France and in Germany. According to the OECD, Britain is ranked 17th out of 30 nations for the number of people with above low skills. The UK

[Mr. John Hayes]

suffers from a burning skills shortage; throughout industry, companies are firefighting that disaster and need a swift and effective response to the crisis. Almost two thirds of companies need skilled workers to satisfy demand, with shortages particularly keenly felt in the energy, water, engineering and construction sectors, according to the training provider, Empower Training Services Ltd.

I want to put it on record that I value the work of trade union learning representatives—I know that that applies to those on the Treasury Bench and hon. Members of all parties. They will therefore be as interested as I am to consider the TUC's most recent report on Britain's skills gap. It states that throughout Europe, between 40 and 45 per cent. of young people between the ages of 20 and 24 are in education or training—nearly double the UK rate. It states that 40 per cent. of adults aged 25 to 59 in work in the UK have no education beyond the age of 16, compared with 32 per cent. in France and only 13 per cent. in Germany. It also states that in France and Germany, between 60 and 65 per cent. of the population have qualifications equivalent to NVQ level 2 or above compared with only 40 per cent. in the UK.

I hope that Ministers will not go into denial today. I hope for a refreshing bout of honesty when they speak in the debate. If that happens, it will be clear that the number of those not in education, employment or training has grown by approximately 50,000 under Labour. The Government themselves class one in six 18-year-olds as NEETs, the highest figure since records kept under the current method began in 1994. We are failing those youngsters—failing to give them hope, opportunity and a chance to be the best they can. Failing them means failing us all; it is not right that Britain's hopes should be dashed in that way. The Government know that it is not right, and we know that they are not right for Britain.

Let us consider details that some on the Treasury Bench will find difficult. I do not want to be unnecessarily unkind; none the less, the House and the people we represent have a right to explore those details. First, let us consider university entrants. University clearing places are expected to fall by two thirds—that is why we highlighted university entrants in the motion. An estimated 16,000 new course places will be available on A-level results day, compared with some 43,000 in 2008. Despite that staggering fall, research suggests that demand for degree courses increased by almost 65,000. The Government have effectively put a hold on the number of university places in September, due to growing pressure on public finances. There are expected to be around 650,000 undergraduate courses this year. Any chance that the Government ever had of reaching their 50 per cent. target now looks remote.

The Million Plus group of universities says that that cap will leave thousands of bright teenagers on benefits. It states:

> "Young people who might have gone to university face the real prospect of being relegated to the ranks of the long-term unemployed, with all the personal, family and health... consequences which this brings."

Interestingly, unlike in earlier recessions, a wide range of social groups will be affected. The group argues that everyone will be affected, from working-class school leavers to middle-class students. Some research suggests that students from the least advantaged backgrounds who, typically, tend to apply later for university, may be worst hit. That is certainly the view of the National Union of Students. Indeed, NUS president Wes Streeting has said:

> "I have no doubt that those worst affected will be from the very backgrounds this government has sought to attract."

So much for widening participation.

It has been reported in *The Times* that

> "when the Government cut 5,000 places for this autumn, just as the recession was prompting record numbers of applications, a serious squeeze became inevitable."

The Higher Education Funding Council has warned universities that they will suffer a cut in funding if they try to increase numbers. What does that mean in practice? The Minister knows the answer, so I hope that he will endorse, if not every word I say, then much of the sentiment. As a result of the changes,

> "popular universities will stick rigidly to their offers so as not to exceed their quotas, rather than allowing some flexibility for promising candidates who don't quite make their grades. And there will be far fewer places in clearing".

That is what all the reports from the universities and elsewhere are telling us.

The Minister for Further Education, Skills, Apprenticeships and Consumer Affairs (Kevin Brennan): I am sure that the House would like to learn what the hon. Gentleman's pledges for this year would be if he were in government, so would he care to tell us how many additional university places he would pledge to fund this year and whether he would match the Government's September guarantee for each 16 and 17-year-old to have a place in education or training this year?

Mr. Hayes: The hon. Gentleman anticipates the exciting part of my speech, which comes later—*[Interruption.]* I should have said "the even more exciting part of my speech, which comes later," when I shall regale the House with Conservative proposals and set out just how much better things could be and what a brighter future the Conservatives could bring in. However, I do not want to be rushed into that. I want to build the excitement among those on the Treasury Bench before satiating their demands for Conservative policy announcements.

The Minister, whom I welcome to his new role, will know that last year some 44,000 students won their places through clearing, but that figure could be halved this autumn. I hope that when the Minister replies to the debate he will indicate his projections for the number of students who will gain a place through clearing.

What about those who leave university? What are the prospects for graduates? The think-thank Centre for Cities says that between now and 2011, long-term youth unemployment will almost treble. Figures for short-term unemployment show that 900,000 young people are currently unemployed, but youth unemployment is expected to exceed 1 million in 2010. Some 16,835 graduates—roughly 8 per cent.—were unemployed six months after finishing their degrees, which compares with around 6 per cent. in the previous year. Five per cent. of graduates who were working were working in "elementary occupations", which is an increase of about 1 per cent. on the previous year. The number of students finding a place on "the milk round" has dropped by a third, as companies are forced to cut back.

Only 13 per cent. of university students received a job offer by March of their final years. Graduates in medicine and dentistry are the most likely to be in work, but there are many other disciplines where the prospects for employment—particularly employment relating directly to the degree studied, thereby matching graduates' hopes, aspirations, talents and ambitions—are limited. Indeed, more than one in 10 students with architecture, building or planning degrees are jobless, a figure that is of course linked with the decline in the housing market.

David T.C. Davies (Monmouth) (Con): I am listening to my hon. Friend with great interest. Does he agree that when people leave university with degrees in surf studies, as they do from Plymouth university, it is hardly surprising that they are unable to find jobs that match their expectations?

Mr. Hayes: I would never want to say anything disparaging about Plymouth—or indeed any other part of this kingdom—and I would particularly not want to disparage our higher education system. However, it is absolutely right that, knowing the figures, people who consider their futures at school and beyond will increasingly look to those courses that are most likely to reward them with employment. That is a natural consequence of the process.

I am not utilitarian: I believe in study for its own sake. I believe in the power of learning, because it elevates people and builds a better nation. I believe in education for democratic citizenship. One of the reasons why I so resent the attack launched by Ministers on adult and community learning is not that adult and community learning typically takes people into further study and then into employment, although it often does, but that it has a worth beyond all that: it has a value for its own sake.

Christopher Fraser (South-West Norfolk) (Con): Will my hon. Friend give way?

Mr. Hayes: I will happily give way to my hon. Friend, who is a great authority on this matter, and who regularly defends adult and community learning in his constituency.

Christopher Fraser: I am grateful to my hon. Friend for that endorsement. Does he accept that not every child is academic, and that vocational skills are equally important if young people are to play a role in getting us out of this recession and in creating the prosperity that this nation deserves?

Mr. Hayes: My hon. Friend is right. That is why the Conservatives have championed practical learning and made a strong case for the kind of vocational education and training that he rightly advocates. I will say a little more about that in a few moments.

In the Government's new guide, "Life after graduation", they have advised graduates to seek work in call centres. Professor Alan Smithers, the director of education and employment research at Buckingham university has said:

"This is a pretty gloomy analysis of graduate prospects",

and so it is. Graduates face difficult times, and aspirant university and college students face a bleak future.

What of vocational learning of the kind that my hon. Friend the Member for South-West Norfolk (Christopher Fraser) has identified as so critical? It is critical for our economy because of the skills gaps that I mentioned earlier. It is also critical for the lives of many people who, through the acquisition of a skill or a craft, gain meaningful purpose as well as work. They gain a sense of pride and worth through real accomplishment.

Sadly, however, new statistics show a significant drop in the number of teenagers starting apprenticeships this year. In the academic year 2008-09, there was an 8.3 per cent. fall in the number of 16 to 18-year-olds taking up apprenticeships. There was a 2 per cent. fall in the number of 19 to 24-year-olds starting apprenticeships. There were 196,600 apprenticeship starts in the first nine months of 2008-09, and 80,200 apprenticeship framework achievements. There is a real problem with completion, though I acknowledge that the Government have made some improvements in that area. The Minister will say that, and it is important for me to say it, too. However, in return for that act of straightforwardness and—dare I say it?—generosity, will he for the first time acknowledge the plain truth that the number of level 3 apprenticeships represents a significant problem and that it has fallen on his watch? Level 3 was once the level at which all apprenticeships were fixed, and it still is among most of our competitors. Given the decline in level 3 apprenticeships, is it any wonder that many commentators believe that Britain will fail to compete as we acquire the skills that we desperately need? I hope that we will have a refreshing bout of honesty from the Minister about apprenticeships when he makes his speech.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Even though the Government have provided some assistance, 2,000 apprentices in the building industry have lost their apprenticeships as a result of losing their jobs in recent months, and only 36 per cent. of them have subsequently found another job. That means that more than 1,000 youngsters who were training for a skill now have no opportunity to continue to do so. If 1,000 university children had been unable to continue their courses because their university had closed, my goodness, there would have been a rumpus. Middle-class people would have marched in the streets. Is it not time that we did something for those apprentices?

Mr. Hayes: It is certainly time that we rejuvenated the apprenticeship system, valued practical learning and invested in vocation training in the way in which my hon. Friend for South-West Norfolk has identified. He is right, frankly—for too long, we have assumed that the only form of accomplishment is academic. That is not good enough; it is failing Britain and many Britons.

The Minister for Employment (Jim Knight): I am grateful to the hon. Gentleman for giving way with his usual courtesy. I was interested in the intervention we heard from the hon. Member for North-East Hertfordshire (Mr. Heald). As I recall, the only game in town at the moment for the construction industry is the investment put into school buildings and other public buildings—financed by the accelerated capital programme and the fiscal stimulus that this Government support. Does the hon. Gentleman support that?

Mr. Hayes: The Minister is not entirely right, because level 3 apprenticeship numbers in the construction industry did not grow when the economy grew in anything like the measure they should. The Minister will know, although

[Mr. Hayes]

I do not want to parody Polish plumbers, builders, carpenters and so forth, that rather than take advantage of the growth in building over the past 10 years to give the kind of start that fity hon. Friend the Member for North-East Hertfordshire (Mr. Heald) wants to give so many young people, we typically under-invested in training and under-supplied our key industries with our own people as a result and imported a great deal of labour. This is an open secret, is it not? Everyone in my constituency is aware of that, and I suspect that everyone in the House is too, so it is time that members of the Treasury Bench faced up and admitted it.

Lynda Waltho (Stourbridge) (Lab): I want to go back to an earlier point. I was impressed when the hon. Gentleman gave the Government credit for increasing apprenticeships vastly. I am desperately looking through my notes—I cannot find the figures—but I know that we are up to about 250,000. We need to compare that with 1997, when I was teaching young people about to leave school in the run-up to 1997. I was teaching them how to fill in UB40 forms at that time, but the opportunities have vastly increased under this Government. On Friday, I am going to visit a construction industry project in Wolverhampton, which is aimed at bringing homes up to a decent standard. About 30 young people have already been taken on and another 25 will soon join them. It is clear that the system is working very well in some places.

Mr. Hayes: It is important that we in the House give credit where it is due, try to debate these matters dispassionately and do not resort to party political knockabout. Let me say that I have no doubt that many Labour Members, who I have heard frequently articulating their case, believe in apprenticeships as passionately as I do. I do not believe that the issue divides us along party lines, but it is a simple fact that for a very long time we have underestimated the force, the significance and the value of vocational learning and training. This may indeed go back further than 1997, but it has certainly not got much better since. I hope that when I come to announce our exciting policies—I know that enthusiasm is mounting—the hon. Member for Stourbridge (Lynda Waltho) will greet them in the right spirit with the even-handed, open-minded, non-partisan enthusiasm that she personifies.

Natascha Engel (North-East Derbyshire) (Lab): I apologise for it in advance, but I want to make a political gibe. When I worked in the union movement, I was involved with workplace learning, so I know how difficult it was after 1997 to rebuild the apprenticeship system that had been completely destroyed before 1997. Where we have got to now is an absolute miracle, given where we started from—as I say, after the complete destruction of apprenticeships and all kinds of workplace learning.

Mr. Hayes: The hon. Lady is straying into the kind of denial in which I suggested Government Members should not indulge. She will know that further education college numbers have fallen. She will know that level 3 apprenticeships have not grown at the rate Ministers occasionally claim they have—although not with too much conviction, as they know the figures as well as we do. She will know, I am sure, about the collapse in adult learning that I described. She will also know about the growing number of NEETs. I think it ill behoves her to make exaggerated claims for the Government's achievements in this regard when the facts tell an entirely different story.

Christopher Fraser *rose—*

Simon Hughes (North Southwark and Bermondsey) (LD) *rose—*

Mr. Hayes: I will give way to the hon. Member for North Southwark and Bermondsey (Simon Hughes), but then I must make a little progress.

Simon Hughes: I am glad that there appears to be general consensus that apprenticeships are a fantastically good and useful thing. As I said during Prime Minister's questions on Wednesday, I commend the Government for the announcement that they made last week. However, it appears—I hope that Ministers will respond to this point—that the new package for those under 25 who have not been employed for a year may not pay them for long enough to enable them to do the work that would allow them to gain the proper qualification that an apprenticeship confers. Those who advise me, including my local authority chief executive, believe that the payment is for only 32, 33 or 34 weeks, which will not allow them to obtain the work plus the opportunity to gain the qualification that they must have in order to take the next step.

Mr. Hayes: The hon. Gentleman tempts me to go off at a tangent and speak about apprenticeships in more detail than I intended, but although I know that the House wishes me to speak at inordinate length, I will resist that temptation in order to give others a chance to speak. I will simply say that, for an apprenticeship to be meaningful, it must do three things. First, it must confer real competences. Secondly, it must be workplace-based and mentored so that people are given a real taste of the world of work. Thirdly and fundamentally, it must increase the individual's employability. That is partly about placement, partly about frameworks and partly, as the hon. Gentleman has said, about the way in which apprenticeships are managed and funded.

According to a recent report from the Skills Commission, which Ministers will have at their fingertips:

> "Too few teenagers... are starting apprenticeships, partly because of poor careers guidance... expansion of the apprenticeship programme must not come at the expense of quality."

I think that that was the point made by the hon. Member for North Southwark and Bermondsey.

We need to ensure that those who advise young people understand the importance and value of apprenticeships. One survey revealed that teachers who gave advice and guidance knew so little about apprenticeships that the only subject about which they knew less was the Welsh baccalaureate. While the Welsh baccalaureate may be a fine thing in itself, it is not as relevant to people across Britain as I hope apprenticeships should be.

The Skills Commission says that although the number of apprenticeships is rising, only 130,000 businesses out of 1.3 million take apprentices on. That is what I meant

when I told the hon. Member for North-East Derbyshire (Natascha Engel) that we should be modest in what we say. The commission also says that the Government should

"fully fund apprenticeships for everyone up to the age of 25—raising the age from 19."

At present, there is a disparity between post-19 and pre-19 funding.

Let me now tell the House what we will do. Our motion complains about the Government's failure in respect of university places, graduates, young people who are disengaged, and training, but Members will want to know what the exciting alternative is.

We do not merely propose new policies. We propose a whole new approach: a new way of thinking about education, and a new way of preparing children and young adults for the skills that they need. We will tackle the NEETs problem head-on with a £100 million-a-year package building on best practice, which is often in the charitable, voluntary and community sectors. We will provide bite-sized chunks of learning so that people can engage in the education that they need in the way that is most suitable for them.

People who were failed by the system first time around need to be handled carefully and skilfully, and we know how that can be done because there is evidence of its being done to best effect. We will provide an independent advice and guidance service with a presence in every school and college, and a high-street presence as well, to give young people the best possible advice. We will make apprenticeships easier by encouraging companies to run them, cutting unnecessary bureaucracy, instituting direct payments to employers, creating financial incentives for them to take on apprentices, and making more Government funding available upfront.

We will inject £775 million in support through lifelong learning accounts to provide a careers service of the kind that I mentioned and an apprenticeship programme of which we can be proud. We will also put an additional fund in place: a further £100 million a year so that we can rebuild the infrastructure of adult and community learning, which has been so eroded under this Government. *[Interruption.]* Well, as the Minister knows, the way we will fund that is by—*[Interruption.]*

Mr. Deputy Speaker: Order. We cannot have these sedentary interventions. It is much more helpful if any hon. Member who wishes to say something rises and does so in the usual way.

Mr. Hayes: The Minister knows very well that we intend to fund that through dismantling the Government's Train to Gain scheme. Although it does some good work, it is cost-ineffective, has an immensely inefficient brokerage service, and has a dead-weight cost—which, other than the Government, almost everyone I have spoken to in industry, colleges and everywhere else acknowledges. It also often accredits existing skills rather than adds new ones. Apprenticeships are a much more effective way of training people. They are predictable and time-limited; we know what they cost and the value of the skills they confer. Adult learning is also critical, as it provides a bridge into learning for those who may have been out of learning, such as women returning to the workplace or previously disengaged young people.

Lynda Waltho *rose—*

Mr. Hayes: I shall make some progress, as I want to pose the following questions to the Minister before I conclude, but I hope that I might have a chance to give way once more before I sit down.

Does the Minister expect the number of NEETs to continue to rise in the coming 12 months, and if so, by how much? Can the Minister explain why there was already a growing number of NEETs before the recession took hold? Will the Minister say why in May it was revealed that only 30 of the 1,395 apprentices on public sector training schemes were new employees, and why 98 per cent. of those on the Government skills national apprenticeship pathfinder schemes are already in the civil service? Will the Minister tell us his plan for the anticipated nightmare scenario when thousands of bright students may not be able to get the university or college place that they need? Will he also say a word about why there are so few apprenticeships at the Olympics site?

It is time for Ministers to forget the rhetoric and face the facts. Just a month ago, the independent think-tank Centre for Cities estimated that, under current Government policies, youth unemployment was set to triple. While we fail to act, we fail to help a generation of young people reach their potential. The House of Lords Select Committee on Economic Affairs concluded two years ago that many who "could and should benefit" from apprenticeships have not done so. The economists David Bell and David Blanchflower said in a Bank of England paper that applications from people from non-professional backgrounds have not risen for the past four years and there is talk of short-term sticking plasters.

This is the choice that we face: short-term sticking plasters or long-term reform. That is why we have taken the tough choices that I have described, with real investment in apprenticeship places. That is why we believe that the Government should make economies to pay for 25,000 extra masters degrees in STEM subjects—science, technology, engineering and mathematics—to help graduates in the coming months and years who cannot find the jobs that they need. I believe that a generation who have so much to offer should not be deprived of the education and training that they need. We offer hope for the future and a vision of a highly skilled Britain—a vision in which craft is elevated.

We have heard so much about Government failure; is this the best that the Government can do? Do Ministers seriously expect those whom they represent to stand for this? Is this really all that Britain can be?

I say that Britain is entitled to expect more. Government can do more, and Britain can be more, greater and better, but it will not be so unless we change direction. Until we head towards hope—new hope, a new Britain, a new Conservative Government.

5.9 pm

The Minister for Higher Education and Intellectual Property (Mr. David Lammy): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"recognises this Government's commitment to not repeating the mistakes of past recessions, and to ensuring young people are not trapped in long-term unemployment; notes since 1997 there are 300,000 extra students in higher education and public funding has increased by over 25 per cent. in real terms; praises this Government's commitment to helping graduates through the downturn, including

[Mr. David Lammy]

an ambition for 5,000 extra internships this autumn; notes investment in apprenticeships is over £1 billion this year and that in 1997 there were only 65,000 starts compared to 225,000 in 2007-08; further notes the success of Train to Gain in supporting over 1.2 million course starts; further notes the September Guarantee offering all 16 to 17 year olds an apprenticeship, school, college or training place; and commends this year's Budget for investing £1 billion in the Future Jobs Fund to guarantee a job, training or work experience for every young person unemployed for 12 months, part of a £5 billion investment in tackling unemployment.'.

I welcome this debate. We all know that the hon. Member for South Holland and The Deepings (Mr. Hayes) cares passionately about apprenticeships and formal adult learning, and he expresses that with a great amount of humour, usually in Committee or in this Chamber. This afternoon, not only have we seen that humour on display again, but he has shown a great deal of audacity by calling this debate in order to slash Train to Gain numbers to fund his half-proposals.

We have heard nothing from the hon. Gentleman about the central issues that are important to young people in this recession. I thought that the Conservatives might finally be up front about the £610 million of cuts to our universities and skills budgets announced by the Leader of the Opposition in a flurry on 5 January—those cuts would have a particularly catastrophic impact on young people—but of course we heard nothing about them. I thought that we might hear whether the Conservatives now support our ambition to enable 50 per cent. of young people to go to university, but of course we heard nothing about that. I thought that we might hear whether the Conservatives now support our policy to raise the participation age in education and training to 18, but we heard nothing about that. I thought that we might hear whether the Conservative party will match our September guarantee of a paid-for place in education or training for every 16 and 17-year-old, but we heard nothing about that from the hon. Gentleman.

Nadine Dorries (Mid-Bedfordshire) (Con): The 50 per cent. target was an ambition of the former Prime Minister for some a considerable time—I believe for 10 years. Given that we have never reached more than 42 per cent., does the Minister agree that it is time to stop looking at numbers and targets and, instead, to concentrate efforts on children and teenagers who need more practical help, such as that provided by the apprenticeship schemes? We should not be focusing on that ambiguous target of 50 per cent. which neither this Government nor the next one are likely to reach.

Mr. Lammy: I am surprised then that the hon. Lady and her party do not support the September guarantee for 16 and 17-year-olds. She will be surprised to learn that the Leader of the Opposition proposes to cut £610 million from the Department's budget, and I hope that she has written to him about that. I am surprised that she also disagrees with the concerns that her Front-Bench team have expressed in the motion about young people's chance of attendance at university.

However, let us first concentrate on what we all agree on. All hon. Members could cite many examples from their constituencies of the local effects of this global recession, whether on an 18-year-old struggling to find their first job or on a 55-year-old facing up to redundancy for the first time. So let me restate my conviction, and that of all my Labour colleagues, that those suffering from the downturn have a right to expect the support of the state, because the cost of failure is high. Those of us who grew up in the 1980s in inner-city communities such as the one that I represent or in other parts of our country, particularly former coal mining areas, recognise what it was like at that time to be cast aside and cut adrift with the failed youth training scheme. We know, only too acutely, how important it is that the Government are on the side of our young people, investing in them, not cutting budgets—that is what I hope to set out.

We should invest when the times are good, as we did when others opposed us. This Government increased the number of young people going to university. Last year, 330,000 people from England were accepted to a university, compared with 250,000 in 1997, with the percentage of young people from the poorest backgrounds up 80 per cent. last year.

Mr. Philip Hollobone (Kettering) (Con): This Government have also taken economic recession to a new level. We now know that this is the worst economic slump since the 1930s, but in my constituency, unemployment is now 82 per cent. higher than it was in 1997, entirely on this Government's watch.

Mr. Lammy: The hon. Gentleman has not seen the latest from the OECD, which says that unemployment in Britain is the lowest in the G7. I remind him of a former Conservative Chancellor of the Exchequer who said that unemployment was a price worth paying, as it went over 3 million.

Nadine Dorries: I thank the Minister for providing the figures for teenagers starting university last year. Can he also tell us how many dropped out within the first 12 months?

Mr. Lammy: The hon. Lady raises an important issue, which goes back to something that goes to the heart of the Conservative motion, and I will come on to that. We should ensure that we manage growth and do not cut the funding. My Department, through its widening participation budget for the Higher Education Funding Council, will ensure that the funds are there so that universities can invest in retention. Therefore, across the HE sector, it is right to say that retention has improved, compared with some of the problems that we faced in 1997.

Mr. Hayes: The Minister knows that, notwithstanding the immense amount of money that the Government put in to widening participation, social mobility in Britain has declined. People from the sort of disadvantaged backgrounds that he mentioned a few moments ago are less likely to prosper now than they were in the year of my birth, 1958. It is indefensible that so many people from the community that he represents and others like it are being failed by the system.

Mr. Lammy: We recently had a very good debate initiated by my right hon. Friend the Member for Darlington (Mr. Milburn) in relation to his work on the panel considering access to the professions. The issue of social mobility is complex, and that is why the Prime Minister asked my right hon. Friend to look into those matters. Compared to the cohort in 1958—the hon. Gentleman's cohort—the 1972 cohort, to which I belong, entered higher education in 1990, under the Conservative Administration. If we compare their approach to participation, unemployment—such as the YTS—and

apprenticeships with our approach to unemployment, which includes investment, the new deal and now the September guarantee, we can start to explain what social mobility is about and why we must invest in those areas.

Mr. Hayes: In that connection, will the Minister say something about those young people not in education, employment or training—the so-called NEETs? Figures from the labour force survey suggest that in 2001 there were 671,000 NEETs and in 2008 there were well over 800,000. That growth was during a period of economic success, not failure—what will it be like after this recession? Will the Minister be as straightforward about that as he has been about the other subjects?

Mr. Lammy: I will come on to the subject of young people who are not in education or employment, but the hon. Gentleman knows that if he is right on this issue, he should support the September guarantee, and he has not been able to do that. He also knows that there are more 16 to 18-year-olds in education, employment or training than ever before in our history.

Of course, the hon. Gentleman is right to say that any downturn will affect the young. That is the nature of this debate and that is why all the things that we are doing to invest and support them are so essential. However, he will not help those young people if he cuts adrift the skills on which their parents depend through Train to Gain. He has repeated again to the House, to my great surprise, that he would abolish the Train to Gain budget and he has done so against a backdrop in which the CBI and the Institute of Directors have said that they depend on Train to Gain. He would abolish it—how would that help? How would it help the young people who are dependent on those apprenticeships? How would it help the 61 per cent. of companies that say that it helps their productivity or the 66 per cent. of companies that say that it helps their competitiveness? How would it help them to come forward and offer apprenticeships?

Mr. Hayes: Of course, we acknowledge that some good work is done under Train to Gain. However, I said that it is cost-ineffective. Perhaps I can ask the Minister to comment on a statistic. There were 666,800 Train to Gain starts in the first nine months of 2008-09 and 290,000 Train to Gain achievements. With that rate of success, it is hard to defend a policy that the Government are putting all their emphasis on. They have all their eggs in this basket. Would they not be better backing apprenticeships, adult community learning and the kind of policies that I have laid out?

Mr. Lammy: We are backing apprenticeships. That is why we rescued them and they are now up to 250,000 starts. We are backing adult learning. That is why we have a transformation fund of £20 million and why we put £210 million into informal adult learning every year. The hon. Gentleman's party has set its face against the deputy director of the CBI, who said that he was "concerned" by the plans of the official Opposition as Train to Gain is a programme that is designed to ensure public funds are invested in training and that it delivers improved business and work force performance. Miles Templeman of the Institute of Directors has said that

"the principle of the initiative has great merit and the focus of policy should be on improving the service rather than diverting funds away."

That is what he has said, and that is why we have invested that £1 billion.

Surely it is axiomatic that we cannot impoverish the parents of our apprentices, many of whom rely on the skills for life programmes, the literacy programmes and the numeracy programmes. Many of them do not have GCSEs and have taken the opportunity to get those level 2 skills. How can anyone take that away from them and away from companies and then say that they would divert the money to apprenticeships having already said that they will cut £610 million from the budget? The House deserves better. The hon. Gentleman knows that, and I am frankly surprised by the nature of the debate that he has set out this afternoon, given its importance.

That is why we have invested in programmes such as Aimhigher for our new graduates—again, the Opposition were opposed to that—and funded universities to reach out to those from disadvantaged backgrounds, through summer schools, university taster lessons and mentoring schemes. Every university in the country now has links with local and regional schools. We have increased student support with 40 per cent. of students now expected to receive a full grant on top of a very generous loan. Again, we have been opposed when we have attempted to increase the budget that we give to our universities. Since 1997, we have increased investment in higher education by 25 per cent.

The hon. Gentleman will also remember when he talks about the base of employment that our young people need to go into and when he talks not just about the skills but the sectors of the economy that we will need to rely on in the future—I suspect that that is why he made the recommendation in relation to masters programmes in science, technology, engineering or mathematics—that essential to that will be our science budget. Again he will remember that, in the 1990s, leading academics campaigned to save British science. We came to power; the campaign wound up. We have doubled the science budget and safeguarded it with a ring fence. I would love to hear whether the official Opposition will match that and keep the ring fence. The research councils are now receiving £2.4 billion more than they did in 1997. The Universities Funding Council—from what I heard this morning, I understand that it is one of the non-departmental public bodies that might be abolished, although it safeguards the autonomy of our universities—has also seen its budget rise exponentially.

Mr. Heald: As the Minister will know, I have a great concern that a lot of young people leave school unable to read, write and add up properly and that a rising number of young people are not in education, employment or training. The number was going up during the good years; its looks as though it will probably go up even more in the bad years. If everything is going as well as he says and it is all absolutely fantastic, with every Government scheme pumping in money and helping people in all the ways that he mentions, can he explain why on earth such large numbers of people—40,000 a year—leave school unable to read, write and add up properly? Why is the number of NEETs going up?

Mr. Lammy: Well, we have discussed this before in the House, and the hon. Gentleman will know that the overall cohort of young people has increased in the

[Mr. Lammy]

country anyway, because of the demographics and habits of the baby boomers—*[Interruption.]* That is not my generation. He will know that we have increased or seen a continued rise in the GCSE and A-level attainment of our young people. As I said before, there are more 16 to 18-year-olds in education, employment or training than ever before, and that is good news. But he will also know—I think that we discussed this previously in the Education and Skills Committee—that one of the reasons why we wanted to take the participation age to 18 was, indeed, to ensure that we did more, and that is why we have also proposed the September guarantee, neither of which is supported by the Conservative party, and I struggle to understand that. So investment in the good times is important, and in these more difficult times, it is important that we continue to invest.

Student numbers will continue to rise with 18,000 more applicants from England last year and 23,000 more this academic year. The cash available to students has increased by 4 per cent. since last year. In cash terms, we are planning to spend more than £5 billion on student support this year, and we will continue to invest even more next year. I hope that hon. Members will recognise that that is one of the most generous packages in the developed world.

We recognise that the downturn has a huge impact, not just on universities but on communities. That is why we set up the economic challenge investment fund, worth £58 million. It helps young people to find internships, working with universities and spin-outs, including on knowledge transfer. It also supports businesses, whether local, regional or proximate to our universities, at this difficult time. As I have said, we should also invest in our research budget. The science budget has risen by £160 million this year, and now totals £3.7 billion.

Mr. Hayes: I do not want to interrupt the right hon. Gentleman's flow, but he must acknowledge that he cannot have it both ways. In answer to the question asked by my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) about NEETs, the Minister said that it was not the number, but the percentage, that counted, because of changing demographics. He seamlessly went on to discuss the number of students, and moved from percentages to numbers. If the issue is about percentages, let him explain why the Government have stalled in their ambitions to move towards a 50 per cent. target. If it is about numbers, let him answer my hon. Friend's question more directly.

Mr. Lammy: I think that *Hansard* will demonstrate that I did no such thing, and I will not be bullied into thinking that I did. I should just say that I am incredibly proud that this Government have taken the participation rate up to about 43 per cent. That is a huge achievement. What really impresses me, and should really impress the whole House, is that when one looks behind those figures at constituencies such as mine, Tottenham, or at Camberwell, Peckham, Brixton, Moss Side in Manchester, or inner-city Sheffield, one sees that in all those areas, there has been a rise of more than 100 per cent. in the number of young people from the poorest communities going to university. I applaud that. It is a noble ambition, and one that we should retain by investing. I have to remind the hon. Gentleman that that is in marked contrast to the position of his party when it was in office.

The Conservative party tried to expand higher education, but it did it on the cheap. Public funding per university student fell by 36 per cent. The learning experience of students and the financial viability of universities paid the price for that. Lord Patten of Barnes, a Minister in that Government, has admitted publicly that that Government doubled the number of students by halving the investment in each of them. As he said, that meant "poorer pay, degraded facilities, less money to support the teaching of each student."

That is his record in government, and we can never go back there again.

The hon. Member for South Holland and The Deepings doth protest too much. If the hon. Member for South Cambridgeshire (Mr. Lansley) is to be believed, the Opposition's proposed cuts in education would mean cutting 32,000 university places. Who has got it wrong: the hon. Member for South Cambridgeshire or the hon. Member for South Holland and The Deepings? We need an answer.

We should not forget that getting a place at university has always been, and should be, a competitive process. This is a nervous time for students and parents, as they wait for A-level results, but this year, as always, every student who has an offer from a university and meets the grades will get a place. Against a backdrop of expansion, with 300,000 more students in the higher education system than in 1997, we should remember that we are talking about a competitive process. In any year, the proportion of applicants who gain a place is around 80 per cent. Britain's world-class university system, which produces a record number of universities in the highest positions in the league tables, deserves the very best applicants. But those who are unsuccessful on their first attempt often reapply, and 80 per cent. are successful second time round.

We also recognise that this year's graduates face a more challenging labour market than has been the case for many years. We are not alone in that. This is a global downturn and its effects are being felt everywhere. In China, 1.5 million graduates failed to find jobs last year, a 500,000 increase from 2007. In the USA, over a million graduates lost their jobs in 2008. But, as Carl Gilleard of the Association of Graduate Recruiters said today, "though things will be harder, their degree is a valuable asset and . . . there are still opportunities out there for those who do their research".

The statistics bear this out. The unemployment rate for those with graduate-level qualifications today is three times lower than those qualified to level 3 or below. The report from the Association of Graduate Recruiters also showed that graduate jobs are still out there. Nearly 40 per cent. of the top graduate recruiters are increasing their graduate programmes, or holding recruitment steady.

For graduates who are unable to secure a job, we are taking action. We launched graduate talent pool, a new website that brings together a graduate matching service, information and guidance and an employer response line. Employers can now upload details of their internship vacancies, and graduates can register their contact details ready for the full service that will go live later in the summer. Microsoft, Network Rail, Marks and Spencer and the police service are just some of the companies up and down the country that are offering internship places.

I am pleased that we have secured over 4,000 confirmed internships so far, and I hope the hon. Gentleman will do all he can to ensure that companies, businesses and organisations increase their number of internships. My Department is pledged to increase the number of internships. I am not sure what he has been able to do in that regard.

We are funding 29,000 graduate-level volunteering places through the organisation v. We are funding 3,000 extra places for graduate entrepreneurship training and help with business start-ups. In his contribution the hon. Gentleman spoke about an additional 25,000 masters places, but the truth is that postgraduates have been a great success under this Government. We currently have 450,000 postgraduate students and 300,000 of those are in STEM—science, technology, engineering or mathematics—subjects. Over the past 10 years, STEM masters have risen 90 per cent. The record there is good, as our international success demonstrates. We are ahead of the United States and Germany, according to the OECD. Indeed, we come fourth in the OECD in terms of producing science and engineering doctorates.

Mr. Hayes: The Minister spoke about people studying a second time. Was it a mistake to cut the funding from ELQ, given that many people now need to retrain? Does the right hon. Gentleman regret that and will he reverse it? Would not equivalent or lower professional qualifications give people a chance to find a new direction during the recession?

Mr. Lammy: We have had the debate across the Chamber before. The question in relation to equivalent level qualifications is whether—should I choose to do a third degree, or if the hon. Gentleman chose to do a second degree, should the people of South Holland and The Deepings cast him aside at the next general election—the state should fund our studies. My view, and our view, is that the state probably should not fund it: the hon. Gentleman should pick up the tab himself. However, there are strategically important subjects, and, if he decides that his several years in politics have not been worth while and he wants to take up engineering and make a serious contribution to the future of this country, perhaps we ought to consider funding that second degree. We have been strategic with the money, because we have rightly said that we should prioritise and fund those who do not have a degree at all in preference to those who are taking a second degree. That is a noble position, and it is the right one.

Stephen Williams (Bristol, West) (LD): The Minister referred to ELQ as equivalent level qualifications and then talked about second degrees, but of course ELQ stands for equivalent or lower qualifications. What about the detrimental effect that that £100 million a year cut has had, therefore, on university-delivered community education programmes, which not only give people a taste of learning but encourage others who have a degree but want to take a second, non-degree qualification—for instance, teachers who want to be trained in counselling to support a pupil? We talk a lot about equivalent degrees, but what about lower qualifications?

Mr. Lammy: We are bringing forward an increased number of postgraduate loans for people to take up, and the hon. Gentleman will recognise that we have increased the budget for higher education by 25 per cent. precisely to ensure that the increase in provision that he wants is in place. I was at Birkbeck, university of London, last week and it has benefited from the expansion, notwithstanding the ELQ policy, as has the Open university. We will continue to support people, and the question is: what are the priorities in an economic downturn and are we getting them right? I say that we are. We cannot fund everything, and we have to be cognisant and conscious of what people are happy to fund themselves with the right support and signposting from the Government.

Let me end by referring to another issue on which the hon. Member for South Holland and The Deepings spent some time—apprenticeships. I simply repeat very proudly that this Government rescued apprenticeships from near-collapse 12 years ago. We should never forget that the Conservative party tried to abolish apprenticeships, but now it has the brass neck to call for more apprenticeship places to be funded. I remember 18 months ago reminding the hon. Gentleman, across this Chamber, of the completion rates when the Conservatives were last in office, and let me remind him again: in 1997, just one quarter of apprentices completed their courses.

The Conservatives really pulled off a trick: not only did they run the programme into the ground, with the lowest number of apprenticeships that this country has ever seen, but they managed to establish a situation in which three quarters of apprentices did not complete their courses. We have got the completion rate up this year to 65 per cent. That is a real achievement, and it is a tribute to the examiners, employers and the young people themselves. We have also increased the number of apprenticeships. We have also discussed level 3 apprenticeships across this Chamber, and there are not only more level 3 apprenticeships this year than there were when the hon. Gentleman's party left office, but more level 2 apprenticeships, so we will take no lessons from him on apprenticeships.

The hon. Gentleman said nothing about the guarantees that we have put in place for young people facing six or 12 months of unemployment. We have established a huge fund of £1 billion for future jobs, to prevent young people—particularly those from the most deprived areas—from going into unemployment. Instead of that, the hon. Gentleman has taken the money away from union learning reps, from those who lack the basic skills of literacy and numeracy and from those who did not get GCSEs in the first place. He has set his party against the CBI and the Institute of Directors—that is the sort of contribution that the Conservative party would make to young people and this country. That is why young people are safe in the hands of this Labour Government.

5.45 pm

Stephen Williams (Bristol, West) (LD): We are having this debate against the background of a deep and deepening recession. However, the 2009 recession does not necessarily have the characteristics of previous recessions. It is not necessarily characterised by large lay-offs in particular trades, such as shipping and steel. Furthermore, it will not necessarily be geographically concentrated and it is not the result of an external inflationary oil price shock. This recession is primarily the result of a heart attack in the banking sector. Just like natural heart attacks, it resulted partly from ignoring

[Stephen Williams]

all the warning signs and partly from a failure to take preventive measures. The Government are culpable on both fronts.

The recession leads us into uncharted waters. It will hit all sectors of the economy, including financial services—obviously—and retail. Familiar names will disappear, and have disappeared, from our high streets. The construction industry is having a particularly painful time and, as the hon. Member for South Holland and The Deepings (Mr. Hayes) said, graduates face an uncertain future. They are also leaving university with a large burden of debt.

The Government themselves have said that they do not know how the recession will pan out; that, at least, was their excuse for not providing us with a comprehensive spending review that would have enabled us to know the context of the tough choices that all three parties will face at the next general election. Perhaps the Government are not providing it because they can predict the political future of the next six to nine months and do not want clarity about the tough choices that they will face.

In this recession, unemployment will affect every community around the country. Before I came to this debate, I looked at the House of Commons Library synopsis of unemployment figures by constituency. My own constituency of Bristol, West is often characterised as a reasonably prosperous part of the country, and it certainly has a diverse economy. In May 2008 unemployment there stood at 1,079 adults; by May 2009—the latest month for which we have figures—unemployment there had soared to 2,042 adults. That represents an increase of 123 per cent. over those 12 months. That unemployment figure is still lower than that of 1997, but it is heading rapidly back towards it. In the neighbouring seat of Bristol, North-West, unemployment is already higher than it was 12 years ago.

The recession will hit every age group—but particularly young people, the subject of this debate. Young people have been the main victims of the recession so far. The Government's own statistics show that 40 per cent. of those currently unemployed are under 25, despite the fact that that age group represents only 14 per cent. of the labour force. In 1997 one third of the unemployed came from that age group. In the past 12 years, the employment prospects of young people have worsened.

When he became Prime Minister, Tony Blair talked of his ambition to build a "young Britain"; I think he even got someone else to write a book of that title for him. In fact, after 12 years of a Labour Government we have worsening unemployment prospects for young people, despite the billions that the Government have spent over that period.

Mr. Hayes: The picture is even worse than the hon. Gentleman paints it, because we have not only that situation but a Government who are reconstructing the funding and management of skills, creating a byzantine structure that is a mixture of Jackson Pollock and Heath Robinson. Is it not time that there was an end to reorganisation and a start to greater clarity about the Government's intentions for young people, to tackle the problems that he describes?

Mr. Williams *rose—*

Mr. Deputy Speaker: Order. Before the hon. Gentleman responds, may I say to the House that although we started this debate with quite a lot of time to spare, that time is now rapidly running out and several Members are still seeking to catch my eye? I would be grateful if all those concerned would bear that in mind.

Mr. Williams: I think that the record will show that over the past four years the contributions by this Front-Bench spokesperson have usually been somewhat briefer than those of the mover of the motion, but I shall endeavour to speed up.

The hon. Member for South Holland and The Deepings may be tempting me down the path of the announcement on quangos made by his leader. As regards the Higher Education Funding Council, perhaps he is catching up with the policy announcement that we made six months ago. It would be much better to have one adult learning council bringing together the whole panoply of quangos that exist in this sector so that we have some strategic leadership. Every employer or employer representative group that I meet says that one of the things that they most lament about the Government's record is the labyrinthine system that they have constructed in the skills sector, which makes it incredibly difficult for employers to negotiate their way round it, and equally difficult for potential employees to find out which might be the most appropriate training route for them.

As the hon. Gentleman observed, the number of 16 to 24-year-olds not in education, employment or training has now hit 935,000—and the rise has largely been concentrated among the over-18s. He also mentioned social mobility. It is important to note that only a negligible proportion of NEETs are children of graduates. Only 1 per cent. of the children of professional parents become NEETs, but the proportion is 7 per cent., rising to 11 per cent., among the children of those with a routine occupation. After 12 years of a Labour Government, we still have a fairly immobile society.

Let me turn to graduate unemployment. This weekend, Bristol university had celebrations for the centenary of the granting of its charter. This week, graduation parties will be taking place in Bristol—and, I am sure, in universities all over the country. However, those celebrations over the champagne, cake and sandwiches, which many of us remember, will be tempered by the conversations taking place among those brand-new graduates. People will be asking each other, "What job are you going to?"—that is certainly what I remember from 20 years ago—but they will also be wondering about their employment prospects. This will probably be the most gloomy set of graduation parties ever, as people have to admit to each other that despite their achievement they still have no job to go to.

We should remember that this cohort of new graduates are from the top-up fees generation—the first people to leave the higher education funding regime with £9,000 of fee-related debt that they will have to pay off during their working career. What a total change from the prospects that they thought must have been opening up in front of them back in the autumn of 2006 when they commenced their studies.

Mr. Lammy: This is an opportunity for me to ask the hon. Gentleman, who has flip-flopped on this issue on several occasions, what is, today, the official position of the Liberal Democrats in relation to top-up fees.

Mr. Williams: I am entirely happy to provide the Minister with that clarification. The official position today is the same as it was yesterday, a year ago, and at the time of the 2005 general election. My party remains opposed to the tuition fees method of funding higher education; at the next general election I, like all my fellow candidates, will be standing on that platform. Just as at the last general election, our manifesto will be a fully costed document in which we set out how we would fund our commitments to students and graduates.

In 2007, 6 per cent. of graduates were still unemployed after six months; in 2008, that figure had risen to 8 per cent. We do not know what will be the relevant statistic for the current cohort of graduates, but everyone expects it to be significantly worse. As was widely reported over the weekend and in this morning's newspapers, the Association of Graduate Recruiters has said that graduate job prospects are down by 24.9 per cent. this year. That is affecting employers across the piece, whether they are blue-chip companies or professional firms.

Only last week I spoke to a colleague in chartered accountancy who said that the number of graduate entrants into that profession, which is an enormous employer of graduates from across many different disciplines, is down by a third in many firms. As we might expect, the numbers are down in banking and financial services. The numbers going into engineering are down by 40 per cent.; as we know, the construction downturn is affecting all our constituencies. I would not like to be a new architecture graduate at any of the graduation parties taking place around the country. People who invest a significant slice of their life in qualifying to be an architect—much longer than for many other degree programmes—are entering an uncertain future.

Overall unemployment is also predicted to increase. Most economists agree that at some point in 2010 unemployment is likely to reach 3 million again. That brings back memories for many of us in the Chamber. The Minister has mentioned his memories of the early 1990s. I am sure that some of his colleagues, like my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) and myself, will also remember the misery of the 1980s. *[Interruption.]* Yes, perhaps even the 1970s. If this Government are still in office, Labour MPs should hang their heads in shame when we reach the statistic of 3 million people being unemployed. What a record for a Labour Government. Will they be going on marches for jobs and publishing pamphlets condemning the Government of the day, as happened in the 1980s? I somehow doubt it.

What has been the Government's response, particularly for young people? A couple of measures were announced in the Budget. First, there was the jobs or training guarantee. However, as my hon. Friend the Member for North Southwark and Bermondsey pointed out earlier, there are many uncertainties around that programme. In order to qualify for it, a person not only has to be under 25 but must have been unemployed for more than a year. Moreover, it is not intended to start until some time early next year. It is completely uncertain how many people will benefit from it and whether it will really make a difference to young people. As my hon. Friend said, someone who is currently in work or in an apprenticeship wants protection now, rather than having to wait for a year in unemployment before relief is afforded to them.

There was also the announcement of the future jobs fund, involving 150,000 jobs; at least a number was put on that proposal. It specified that 50,000 of those places should be in sectors such as social care—that is a worthwhile area, but one of the debates that we will have at the next general election is about the size of the state—and that another 50,000 should be in so-called growth sectors. The example given was hospitality. I do not know what world the Government live in, but I would have thought that hospitality is not usually a growth sector against the background of a recession: that is a triumph of hope over experience. It also seems to be a triumph of spin over fiscal reality. The Government are keen to announce large sums of money for initiatives when there is not much clarity as to when they will start or what they will deliver, but at the same time they are cutting existing budgets—those of the regional development agencies, for instance. The South West of England Regional Development Agency has had its budget for this year cut, which means that some of the programmes that it would have funded in the city of Bristol, such as the regeneration of Stokes Croft, have had to be chopped.

Young people leaving school or college who wish to enter higher education this year will face uncertainty as they await their A-level results. We know that the Government have cut the growth in the number of places, but why has that happened? We had a statement last week from the new Department for Business, Innovation and Skills about next year's student maintenance support settlement. I remembered last year's announcement, when the Government botched their figures. Their predictions for the number of people who would qualify for student support were completely wrong. That is why they are having to cut the planned growth in the number of places this September.

It is extraordinary to do that against a background of recession, because we know from all previous recessions that the typical response, especially of young people, is to try to shelter in education and training. It is also extraordinary when there is a bulge in the number of young people expecting to go to university. The number of 18 to 21-year-olds is about to peak, before it falls for the rest of the decade. What an extraordinary time to restrict the number of places in higher education.

The Million+ group, which represents most of the post-1992 universities, has rightly pointed out that clearing, which has been a facet of higher education for as long as I can remember, is unlikely to be a feature this year. That will damage many universities that have had a successful record of widening participation. I also fear the effect on the fair access proportions in our research-intensive universities if they have to turn away marginal applicants.

The Minister said that higher education places were an academically competitive process. Of course they are, but his response to the situation appeared to be—he can tell me if it is not—that someone who does not succeed this year can by all means come back next year. That will not give much relief to young people who get their A-level results this year and then find they do not have a place.

Mr. Lammy: Given that the hon. Gentleman has said that he would abolish tuition fees and that we should create a situation of unmanaged growth in additional student numbers, is he saying that the Liberal Democrat

[Mr. Lammy]

position is to cut the unit of resource in order to fund extra places? What I said was that there would be growth. There is growth this year of 18,000 places, and there will be growth, but the Government have to look carefully at managing it, while listening to universities.

Stephen Williams: The Minister has questions for me, and at the next general election we can by all means have those debates, but the sector has questions for him. In particular, will he agree that the cap that has been put in place this year could be lifted? If so, will the places be fully funded so that quality is maintained? At the very least, will he agree to be flexible with universities? This year, for the first time, they will face financial penalties if they depart from the caps and constraints that have been put on them.

Mr. Lammy: Is the hon. Gentleman really telling the young people of Bristol that they have to wait until the next general election to know how the Liberal Democrats would fund extra places?

Stephen Williams: No, and I think the record will show that that is not what I meant in response to the Minister's earlier intervention—but it is he who has got us into this mess. The Government's botch-up over the number of people who would qualify for student grants last year has forced the cut in the planned increase in places this year. That will affect people who started their A-levels or other qualifications two years ago and are now waiting for their results and hoping for a place. The Government have moved the goalposts.

To emerge from this recession, we will need a skilled work force at skilled technician, post-apprenticeship and degree level. We also need to protect those currently in apprenticeships, which is why we favour diverting growth in the Train to Gain budget to funding employers' off-the-job training costs. We also need a national bursary scheme to incentivise students to take subjects that are critical to this country's economic future. We need higher education itself to be more flexible to enable adults to study part-time, and we need the financial regime that those adults face to be on a fair basis and equal to the regime for those among their peer group who study on traditional, full-time degree programmes.

Of course, all that needs to be underpinned by independent advice and guidance, as the hon. Member for South Holland and The Deepings and I have mentioned so many times in debates such as this, so that people can be steered into the subjects that we will need for this country to prosper in future, particularly engineering and sciences. That is essential if we are to have not just a sustainable economy but a sustainable society, and have any chance of meeting our 2020 climate change targets.

The previous Labour Government are remembered in history, as they entered their final months, for the winter of discontent. This Labour Government, as they enter their final phase, will be remembered for a summer of despair for the young. With unemployment heading towards 3 million, we know that this Prime Minister and this Government have not abolished boom and bust. The Prime Minister has said—I heard him say it in the Chamber a short while ago—that he came into politics in the 1980s because of unemployment. We should therefore all be sad—and he and his Government should be particularly sad—that unemployment will now be part of his legacy.

6.5 pm

Natascha Engel (North-East Derbyshire) (Lab): It is a real pleasure to follow the hon. Member for Bristol, West (Stephen Williams), and to take part in the debate. I have been the chair of the all-party youth affairs group for about a year, I am currently the honorary president of the British Youth Council and I have been a trustee of the UK Youth Parliament. Youth issues, and at the moment especially the plight of young people during the recession, are therefore particularly close to my heart.

I wish to pick up on a number of things that hon. Members have said, but I first make the general point that when I meet young people, as I do quite frequently during the course of events here in Parliament, I find that one really important thing is to ensure that we give them a bit of hope. What I have heard in the debate has been depressing, because without a doubt young people fare far worse during a recession than anybody else. That has always been true, and it will be true in future.

However, we must not talk down the possibilities of what young people can do, especially those from more disadvantaged backgrounds. We need to give them hope and identify what they can do, not just to support them through the recession but to give them some idea about what they can do at the end of it. We can offer them possibilities during the recession that mean they are far better equipped to get much better work and opportunities at the end of it.

I wish to say a big thank you to YMCA, the Foyer Federation and especially the Institute for Public Policy Research, whose youth tracker report on young people and the recession, which I hope everybody here has read, has been absolutely invaluable in considering how we can better gear our policies to ensuring that young people are not only looked after and supported through the recession but better equipped at the end of it.

Professor Gregg of the University of Bristol said in the youth tracker report something that is worrying and that we must all bear in mind. He stated:

> "People who experience long durations of unemployment in their youth still have sizeable wage penalties in their 40s".

We all talk about our personal experiences of recessions, but what happens to young people in the current recession will have an impact on their lives when they are in their 40s. When we look back at the policies and legislation that have been put in place in former recessions and see where people in their 40s are, we see the significance of ensuring that we look towards the future. It is in the next 20 or 30 years that the impact of the recession will become clear.

We have to take a long-term view. That is the role of Government, and it is why the Government have put forward many of their policies. I want to emphasise the positive before I lay down some markers about things that I would change during the recession. What we are doing will support young people and give them the hope to get through the recession.

We should use the recession as an opportunity to put right discrimination against young people, who have always been slightly discriminated against. If we consider unemployment in the past two decades, we see that

when it was at a record low of 5 per cent. for the general population, the figure for young people aged between 18 and 24 was 10 per cent. That is a dramatic statistic, which shows how we as a society view young people.

I have a criticism to make about the national minimum wage. We should use the recession to examine differential minimum wage rates. If we are considering raising the school-leaving age to 18 and if we accept the need for some sort of apprenticeship minimum wage rate, there is no excuse for a developing rate. From October, 16 to 17-year-olds will be on an hourly minimum wage of £3.57; the rate for 18 to 21-year-olds will be £4.83, and the adult rate will be £5.80. For me, it is a straightforward matter of equality. If people are doing equal jobs, they deserve equal pay. We should use the recession to tackle that.

We should also examine the 16-hour rule. We should encourage young people, including older young people, to study, stay in education and get trained in the skills that they need to get out of the recession. As my hon. Friends know, the 16-hour rule means that people can stay at college for only 16 hours a week before being classed as studying full time. A student studying full time is said not to be available for work and cannot therefore claim benefits. We want to get the most disadvantaged to study, but they need the support and security of benefits to know that they can do that, and they are massively disadvantaged by the 16-hour rule. It means that either they study too slowly to get the qualifications that they need to make them employable or they start dropping out. If I could choose only two things to re-examine seriously, they would be the minimum wage and the 16-hour rule.

Mr. David Drew (Stroud) (Lab/Co-op): Does my hon. Friend accept that many among the group that she mentioned suffer learning disabilities and mental health problems, and that we should encourage those young people in particular back to work through study? They are currently disadvantaged by the 16-hour rule.

Natascha Engel: That is a good point. Young people from more disadvantaged backgrounds—for example, those from broken homes, those who have been homeless and are encouraged back into studying, those who have chaotic lives—benefit from the security and safe environment in which to learn that studying can provide. My hon. Friend mentioned people with learning difficulties and mental health problems. When security is taken away from vulnerable groups of people, their problems are exacerbated. If we encourage more young people into further education and apprenticeships that provide a secure environment, that can only be to the good.

The recession means that many more people will go to Jobcentre Plus and claim jobseeker's allowance. Hon. Members mentioned that, this summer, a group of school leavers will be searching for training opportunities and jobs. As school leavers, they will be less experienced and tend to have fewer qualifications, so they are far more likely to end up in jobcentres. We must therefore ensure that jobcentres are fully equipped and have staff who are fully trained to deal with young people. Not only being unemployed, but going into a jobcentre can be terrifying at that age.

Let me revert to the message of hope and to considering the motion and the amendment. It is silly to say that the September guarantee, whereby all 16 and 17-year-olds will be guaranteed an apprenticeship, or a college or training place, does not give hope. Encouraging people to stay in some sort of education—apprenticeships, training or schools—until they are 18 is a good thing. It is not a tick-box exercise, and I think that the recession will ensure that the target is reached naturally.

The future jobs fund is also a good idea that will give many young people hope. However, unless it has employers' full support, it will not work. Young people who have been out of work for 12 months will be guaranteed a subsidised place for six months, but I do not think that the amount of time is so important. It is important that employers take some responsibility and ensure that they mentor the young people in those workplaces so that they either stay there or move on to something else in which they are involved. It is important to ensure that they learn something and get something out of the experience.

We must take a more holistic approach to getting through the recession, give young people, especially all those who are now between 16 and 25, a message of hope, but appreciate that we are not talking about a sausage factory for getting children from school into work. Although work is fantastic, we must also recognise that recessions hit families hard, sometimes leading to marriage breakdown, arguments, children running away from home or simply leaving home without the support that they need. We must look at the bigger picture and ascertain how to help children and young people who are between 16 and 25 and ensure that they are okay when they leave school and attend jobcentres, start training or, hopefully, go into some sort of further education. We must consider how we make sure that we look after their mental and physical well-being, give them the maximum number of opportunities and the hope that is necessary to see them through.

6.17 pm

David T.C. Davies (Monmouth) (Con): We are lucky to have present so many Front Benchers, who have given so freely of their time and made such lengthy analyses of the problems that the recession has caused young people. My analysis will, of necessity, be much briefer. As I see it, we have a huge shortage of skills and jobs—we are losing approximately 2,500 jobs every day—and a large surplus of people coming into this country. Net migration is about 237,000—of course, gross migration is much higher. As some people come in, others decide to leave. However, of those who come in, some unfortunately go on the dole and are supported by the British taxpayer through different benefits, but others find jobs, some that British people could doubtless fill, as the Prime Minister originally suggested.

What are we doing wrong? In the short time that I was on the internet looking through university degrees this afternoon, I managed to discover the problem. Many degrees that we offer will simply not lead to the jobs to which people aspire—indeed, they will probably lead to no jobs. The work of 10 minutes revealed that the University of Plymouth offers a degree in surf studies. I do not have a degree, but I spent 20 years surfing, week in, week out in Wales, and I know that there are only about four jobs that one could get with a degree in surfing: surf instructor; working in a surf shop; surf board designer, which simply requires a practical frame of mind, and surfing professional—a

[David T.C. Davies]

handful of people manage that every year, and nobody checks whether they have a degree. That is not much use to anyone.

Thames Valley university offers, among the film and theatre studies that one would expect, a three-year science degree in culinary arts management. I asked myself, what is that? It is something to do with being a pastry chef. Under the section headed "Career progression", we learn that

"A graduate would expect to gain a position as a commis chef"—

I think that is some sort of trainee chef—

"progressing to chef de partie, sous chef and eventually executive chef".

So there we are: a three-year science degree and what can people hope for at the end? It is to become some sort of trainee chef.

My favourite example was from Metropolitan university, which is offering something called game studies. For a minute, I optimistically thought that it might be something to do with game theory, a respected branch of economics, but no. One clicks on the link to read that

"Videogames have emerged as a major new force,"

blah-de-blah, "contemporary culture," and so on, and that the course will

"allow you to study them academically,"

but with "theoretical" and "practical approaches." Apparently, the course

"covers the nationally recognised Game Study syllabus"—

whatever that is—

"and is excellent career preparation."

Mr. Lammy: Will the hon. Gentleman give way?

David T.C. Davies: I would be delighted to give way to the right hon. Gentleman—does he want to apply for a job?

Mr. Lammy: I suspect that the hon. Gentleman has nothing against, for example, the music industry. Will he acknowledge that the games industry is now a bigger part of our creative economy than the music industry?

David T.C. Davies: I have nothing against the music industry or the games industry. I have nothing against PlayStations either; indeed, I used to have one. What I have a problem with is people writing a thesis on how to get to level 10 on "Grand Theft Auto". I do not think that that is a good use of three years or of the taxpayer's money, nor do I think that it will lead to a job. If the right hon. Gentleman wants to lecture me about economics, let me tell him that I see things in a fairly simple way—*[Laughter.]* Yes, I do not—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order.

David T.C. Davies: I do not have a degree, but I am quite happy with that fact. I study history as an interest and what I have learned is that since man started herding animals together, all societies have had four requirements: food, shelter, construction and an ability to make tools to make life better for the next generation. Those are the basic fundamentals of any economy, but let us look at what goes on in 21st-century cities. *[Interruption.]* The Under-Secretary, the hon. Member for Hartlepool (Mr. Wright), laughs, but let me tell him something.

Let us take food. We still need food, yet what have we done to our farms and our farmers? We have absolutely destroyed them. We are now dependent on imports, with more than 50 per cent. of our food coming from abroad. What about shelter? We cannot find anyone from within this country to take part in major construction projects such as the Olympics. We have imported workers from abroad because we do not have the necessary skills. What about warmth? That was what stone-age men needed—I see it as energy today. We still have enough oil in this country to supply our needs, but we have to bring in lots of specialist people from abroad to fill the jobs on North sea oil rigs. We are dependent on the middle east for our oil and on the Russians for our gas. We do not even have a nuclear industry any more—we are dependent on the French for that, having destroyed our own nuclear industry. Those are jobs that we could have created. When stone-age man was making tools out of bones and things—

Madam Deputy Speaker: Order. I hope that in the time remaining the hon. Gentleman will concentrate his remarks on the motion.

David T.C. Davies: I will, Madam Deputy Speaker.

I have learnt that in 2007 the Germans were still running a €200 million trade surplus in exports. That is what we should be training up our young people to do, but we are not doing any of that, because, as the Minister said, we have decided to concentrate on the creative industries and financial services. Both of them—

Mr. Lammy: Will the hon. Gentleman give way?

David T.C. Davies: No, I will not give way. The right hon. Gentleman had well over half an hour earlier and took all sorts of interventions that turned into mini-speeches. He mentioned the creative industries—*[Interruption.]* Yes, we have chased after creative industries, but in a downturn we should be thinking about the four areas that I have mentioned, in which there will always be jobs for people. However, we have had to give out thousands of work visas—this is on the Government's figures—to people who know about things such as computer services, financial services and health and medical services. We are importing people from abroad because we do not have the necessary skills. We are shutting science departments in various universities, closing chemistry laboratories and stopping physics courses so that the right hon. Gentleman can push his idea of the creative industries for people.

It was the Prime Minister himself who talked about British jobs for British workers. There are still jobs out there, but they are not being filled by British people because they do not have the skills. We are pushing more than 50 per cent. of the population through university to do Mickey Mouse degrees—at great cost to the taxpayer and themselves, because they come out with all sorts of debt—yet we still cannot match the skills that are required to the skills that we produce. That is what is wrong. I look forward to somebody—anybody—following up on the Prime Minister's promise and creating British jobs for British workers, but it will not be the right hon. Gentleman.

6.26 pm

Christopher Fraser (South-West Norfolk) (Con): Given the time constraints we are under, I shall try to restrict my comments to the debate in hand. However, following my hon. Friend the Member for Monmouth (David T.C. Davies), let me say that there are many subjects beyond the motion that need separate debates.

I am pleased to stand up for the young people of South-West Norfolk. I know that all hon. Members here will be concerned by the fact that almost 1 million 16 to 24-year-olds were not in education employment or training in the first quarter of this year. That is an issue that my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) mentioned from the Front Bench. It is also an ongoing problem that I hope the Minister took on board and that I hope the Minister responding to this debate will address. That figure is unacceptable and does our nation no good. We look to young people to help us out of this economic downturn, because their contribution to our economic success will be vital.

Last week, we heard from the Secretary of State for Children, Schools and Families about the Government's plans for our schools system. I hope that the Minister will accept that not all children are necessarily academic and that vocational training provision is equally important for young people. I hope that he will address that in his closing comments.

What is the Minister's response to the Local Government Association's suggestion that more power should be given to local councils to provide local training courses, which would be funded from a reduction in jobseeker's allowance claims? Unemployment has hit Norfolk hard, and the manufacturing sector in Thetford in particular. According to the most recent figures, the number of people on JSA has increased by almost 96 per cent. in one local authority area in my constituency and by more than 82 per cent. in another. Those are shocking figures, and many young people will inevitably be included in them, having fallen victim to the recession.

I am aware of cases where young people have been caught by a "last in, first out" policy, which without a doubt knocks their confidence when they happen to be in their first job. I have had many letters from young people who have lost their jobs and are desperate to retrain, but are prevented from taking up a full-time course because it will take between six and 18 months to get them on one. What advice can the Minister offer young people in South-West Norfolk who want to reskill but are unable to do so for a considerable period? Does he accept that the current economic climate gives rise to a genuine need to relax the rules on jobseekers' ability to apply for full-time training courses?

That is an issue that I have raised before in the House, as well as one on which the hon. Member for North-East Derbyshire (Natascha Engel) commented. The Minister confirmed that many FE colleges structure their courses to be compliant with the 16-hour rule that operates in respect of JSA, which the hon. Lady also mentioned, but what about those who want to enter full-time training? That is an important issue, and one that increasingly fills my postbag as a constituency Member, so I would genuinely like to hear the Government's response. The fact that so many young people are eager to retrain is, of course, extremely encouraging. However, does the Minister accept that it is incumbent on the Government to ensure that all those who wish to enter training are given the access that they need?

I would like to mention the specific challenges for those living in rural communities. Young people in South-West Norfolk have to travel longer distances to jobcentres and training courses. As a result, they face higher fuel costs. As I have said many times in this House, a car in my constituency is a necessity, not a luxury. For a young person on a course, that adds an extra financial burden that is not placed on those living in urban areas. What consideration is the Minister giving to young people living in rural areas who not only are struggling as a result of the recession, but are hampered by their geographical location? What advice can he offer them?

Since I was elected, I have always been keen to speak out in support of the role of apprenticeships in helping our economy to flourish. However, over the past year, there has been a fall of some 8 per cent. in the number of 16 to 18-year-olds taking up apprenticeships, while for 19 to 24-year-olds the figure has fallen by just over 2 per cent. Does the Minister agree that now is the time for more people to start apprenticeship schemes, not fewer? Like other colleagues, I have seen evidence in my constituency that many of those who are halfway through their apprenticeships are being made redundant as a result of the recession. What provision is available for those young people?

Does the Minister accept that more needs to be done to reduce the excessive red tape associated with certification and inspections, so that more companies will be encouraged to open up workplace apprenticeship schemes? Small businesses and enterprises often find it difficult to take on apprentices because of the high costs involved, despite the desire of those who run them to make a genuine effort to bring new young people into the business, train them up and help them to succeed, for the sake not only of the business but of the wider economy. Let us not forget that small business and enterprise was the backbone of our economic success in the 1980s and 1990s, and it should be the backbone of our success as we pull out of this recession.

Let us also remember that Governments do not create jobs—businesses do. It is the role of the Government, in my constituency as much as in any other, to create the environment in which business can thrive. We have heard many words today about what the Government might or could do. Can we now focus directly on empowering business people to do their job properly, so that the fiscal stimulus that was mentioned by the Minister earlier can be directed at people so that it affects the bottom line and so that they can make a contribution accordingly? What hope can the Minister offer a small business that wants to run an apprenticeship scheme but feels unable to do so financially?

I shall turn briefly to an issue that affects many of my colleagues in Norfolk as well as me. I make no apologies for raising the Learning and Skills Council's funding crisis and its effect on further education provision. I have raised the matter in the House before. I was dismayed by the recent announcement that only 13 out of the 144 frozen college building projects have been given the go-ahead. Furthermore, all 13 are in Labour-held constituencies, and none is in Norfolk. Will the Minister look at the problems at Easton college and City college,

[Christopher Fraser]

both of which serve my constituents? They have both been left in the lurch. Does he acknowledge that this fiasco has left thousands of young people wondering whether they will be able to access the high-quality training opportunities that they deserve?

In my constituency, a forum has been put together in support of the new Thetford college. The aim is to build an innovative education facility for 14 to 19-year-olds that will boost the local economy and provide hope for a town that has historically been associated with deprivation, social exclusion and unemployment. Does the Minister recognise that projects such as those, with strong roots in local communities across the country, must be supported and encouraged as much as possible, not just in cherry-picked constituencies but in areas where we have fought long and hard for the young people, and particularly in my area of South-West Norfolk? Young people in Norfolk and elsewhere want a bright future anchored in a good education, with excellent training opportunities and support when times are tough. What assurances can the Government give to the young people in my constituency who are afraid that their futures will be jeopardised by this recession?

6.33 pm

Nadine Dorries (Mid-Bedfordshire) (Con): As the last speaker from the Back Benches, I have just a few short minutes, so I think I will abandon my speech and concentrate on just one of the points that I was going to make.

I feel that I am standing here as much as a mother as an MP, because my daughter opened her university results today and we all found out what grade she had got. It was a great day for us. I have now been a university mother for six years, and my children are the first on either side of the family to go to university. We are therefore incredibly proud of them, and Jennifer is also incredibly proud of her result—[Hon. Members: "What did she get?"] I am not allowed to say.

I want to talk about the targets for getting our young people into university. To set that in context, I would like to tell the House what I have noticed during my six years as a university mum, not only in relation to the daughter who got her degree today but to the older one as well, and to the groups of their friends whom I have got to know.

The first thing that has surprised me is the number of children who drop out in their first year. The figures that I saw when I was on the Education and Skills Select Committee were quite staggering, particularly the number of young people who drop out as a result of mental health problems and depression. It has occurred to me that some of the people doing certain courses at universities such as Newcastle and Bournemouth should not be doing those courses in the first place. They were not their courses of choice; they were the courses that they were offered subject to their GCSE results at school. They were not passionate about or even interested in the subject; they had been offered the course while going through the clearance process. Those people were often the ones who dropped out after the first year.

Sadly, many of those young people were also getting depressed and unhappy at university because they were not doing an appropriate course. On top of that—leaving tuition fees aside—the loan that those students, and my girls, were getting was £1,000. Out of that, they were paying £300 a month for their hall of residence, £5 to use the washing machine, £3 for the dryer, and so on. The costs mounted up, and the £1,000 student loan did not go very far. It did not enable them to eat, for example, and if they came from a family that was unable to subsidise them, they would become more and more depressed.

Students would also become depressed because they could not find employment to subsidise them while at university. An example is a student who started the course with my daughter. He applied for a job as the supervisor of a hand car wash, as he had to work in order to stay at university. He could not manage on the £1,000 student loan. He was refused the job because everyone else working at the car wash was Polish and, as he could not speak Polish, he would have been unable to supervise them. The situation was similar in every bar, café and supermarket in that town.

That poor boy dropped out of university; he did not come back after the Christmas break. Without employment, he could not afford to stay on, but he still has his first term's student loan to pay off. Moreover, that was at a time when we were not facing a recession; it was in better times. As I said, my daughter graduated today, but she is facing a grim future. Although she will not find employment, the interest on her student loan and those of all her fellow graduates will be racking up while they try to find work. We have known for the past year that she would graduate and probably not find employment.

Along with many hon. Members, I have employed American interns. There is one aspect of the education system in America that I really like. The academic year is split into six months for studying and six months for working, if work can be found. The students can work and save up for their six months of studying. That increases the number of students who can gain access to university. It gets more bums on seats; it gets more children through.

I have commented on the 50 per cent. target; I think that it should be 100 per cent. Every child should be entitled to access to the type of education that they want, be it academic or an apprenticeship or whatever. I just wish that we had had access to similar educational opportunities when I was at school. The time has come to think out of the box when we look at our young people and our universities. During a recession, to say that we want to get 50 per cent. of our young people through universities, often studying inappropriate courses that will not equip them for employment even if they finish them, does them a disservice. Given what we are facing, the Government and the Opposition have a duty to take a radically different approach.

We are burdening young people—my daughter is just one of them—with student loans and they do not know how they are going to repay them. They do not know when they will get a job and begin to repay them. The interest on student loans is racking up—it started to be payable on my daughter's loan today—yet there are no prospects of jobs.

Will the Minister take this thought away? In other countries, where things are done differently, more people go through universities, and with less financial hardship.

Perhaps we should be less dogmatic in our approach, and start to be slightly more adventurous and ambitious in how we regard our young people and the academic education that we offer them.

6.39 pm

Mr. David Evennett (Bexleyheath and Crayford) (Con): We have had an important and interesting debate this afternoon, with many issues raised on very important matters, reflecting the current economic situation and the problems that our young people face. Our motion highlights our concerns about young people in the recession. It sets out the current problems and the failings of this dying and discredited Government, and proposes some positive measures to help alleviate this worrying situation. Regrettably, the Government do not seem to be listening to facts this afternoon, and they do not seem to have the degree of concern that they should have about the principal victims of the recession: our young people. I believe that this recession has been made worse by the Government's failures and failings.

We heard from the Minister for Higher Education and Intellectual Property a long diatribe, with the usual history and spin in equal measure, but he failed to raise his game to the occasion as we would have expected. On the other hand, my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes), in moving the motion, displayed his usual vigour, constructive argument, robustness, policies and logical argument—*[Interruption.]* No, the Minister must listen further: I am never biased; I am objective and rational.

My hon. Friend the Member for South Holland and The Deepings posed several questions to the Minister, who regrettably did not answer them and was rather partisan in his response. We were all disappointed by his flawed history lesson and his rewriting of history with artificial passion. He seemed to paint an idyllic picture, which is not borne out by the experience of people in London. The Minister is a London MP, and the suffering of young people in London as a result of the recession is among the worst. If everything has been so good over the past 10 years, as the Minister tried to tell us, why do we have the problems that we are debating today?

Before we go any further, let me correct the Minister. As usual, he did not paint the whole picture when he talked about apprenticeship statistics. The official figures show that despite his target of providing more apprenticeships for young people, the number of 16 to 18-year-olds starting an apprenticeship fell by 8 per cent. in the first three quarters of 2008-09. The Minister did not tell us that. The number of 19 to 24-year-olds starting an apprenticeship fell by 2 per cent. Both figures show a reduction in the number of apprenticeships.

Regrettably, too, the number of NEETs—the people not in employment, education or training—has increased from 671,000 or 13 per cent. in 2001 to 810,000 or 13.6 per cent. in 2008. On both the percentage and the figures, the Minister failed to come clean, as my hon. Friend the Member for South Holland and The Deepings highlighted. That is the problem with the current Government; no one believes what they are saying. The spin and the complacency that we have seen are the Minister's rather disappointing message today.

Across the country, people are losing their jobs and families are struggling. Official figures show that unemployment is hitting young people hardest. My hon. Friends and I are concerned about the future for our young people, as I am sure are the Minister and some of his hon. Friends, although not many of them are in their places. About 935,000 young people aged between 16 and 24 are not to be lightly dismissed if they are not in employment, education or training. I have already pointed out the increases.

When the Government came to office in 1997, the youth unemployment and NEET rates were much better than the OECD average. However, the UK's position has deteriorated and it is now far worse than the average in the OECD—worse than that of our competitors. This recession, together with the Government's cuts to sixth forms, apprenticeships and the crisis in further education college capital funding means that the problems faced by NEETs are set to get worse in the next few months. Research by the university of Sheffield and the Prince's Trust suggests that if unemployment reaches 3 million, 1.25 million or 40 per cent. of those will be under the age of 25. Let us not forget that that is a huge figure. Overall, as the Government admit and as can be seen in the figures, unemployment at 2.2 million is far too high—and, also on their admission, set to rise. Lives are blighted, talent is wasted and the human cost of unemployment is a very serious matter. *[Interruption.]* It is no good Ministers just barracking. These are facts that they do not like to hear, but we are going to tell them.

We have had some interesting and effective contributions, particularly from my hon. Friends, to this important debate. The hon. Member for Bristol, West (Stephen Williams), who speaks for the Liberal Democrats, was moderate and constructive in his approach. He highlighted the complexities of training routes and spoke about employment rates for graduates and the reduction in their job prospects. All those issues are a matter of real concern for all of us—*[Interruption.]* If the Minister would only listen and stop talking he might be able to work with us and see what can be done to improve the situation.

The hon. Member for North-East Derbyshire (Natascha Engel) spoke with real passion about the consequences of unemployment for young people. It was her belief that we need a long-term view. Of course a long-term view is important, but today we are talking about the issues that are affecting people now. Today is the most important thing. Of course we look in the long term, but we are concerned about those young people being hit by the recession now. The hon. Lady raised concerns about the unfairness of the minimum wage for young people and said that the 16-hour rule needed review. I will leave it to her Ministers to take those matters into account.

My hon. Friend the Member for Monmouth (David T.C. Davies) was his usual robust self, highlighting aspects of higher education courses that he did not like and speaking about skills shortages, which are important.

My hon. Friend the Member for South-West Norfolk (Christopher Fraser), who is assiduous in supporting and speaking up for his constituents, made a reasoned and effective speech. He commented on the plight of the unemployed in his area and the travel problems experienced by young people in attending their courses. That is very important in rural areas, particularly when unemployed people have to travel in order to go on courses.

[Mr. David Evennett]

My hon. Friend also highlighted one of the great tragedies of the present Administration: the funding crisis in FE colleges. As he pointed out and as I was going to point out myself, only 13 colleges have been given the funding that they requested—13 out of a huge number which in good faith made claims out of determination to improve their facilities so that young people, and not-so-young people, could be trained and retrained. The Government's response is shocking.

My hon. Friend the Member for Mid-Bedfordshire (Nadine Dorries) made a short but very effective and powerful contribution, and I am sure that we will all want to pass on our congratulations to her daughter on the success that she heard about today. My hon. Friend spoke with real concern about students who drop out of courses and about the depression that students on inappropriate or ill-advised courses or those worried about finance—a matter of real concern for young people today—might experience. She also highlighted, as did the hon. Member for Bristol, West, that another result of the recession is fewer job opportunities for those coming out of college or university this year. That, too, is a matter of great concern.

As we heard from my hon. Friend the Member for South Holland and The Deepings, despite the Minister's attempt to gloss over it, the number of adult and community learning places has been cut dramatically in the past four years by 1.4 million—at the very time the country was heading towards recession. The Government have cut those places with the result that young people are not getting opportunities to train or to learn new skills.

We heard, too, that FE enrolments have plummeted, despite increases in the budget of the Learning and Skills Council. The LSC has effectively delivered less for more money. It is no wonder that the Government want to get rid of it and replace it with three quangos.

The time left for debate is very short, but I would like to deal with the crisis in higher education, particularly for those who want to go to university. The Minister said that everyone will get a place and that there will be no problem—*[Interruption.]* Yes, he did. He said that there would be no problems for anyone getting the qualifications. He glossed over the problem, as he does so well and so regularly. Well, I thought that it was lamentable Lammy—[Hon. Members: "Oh!"]

Madam Deputy Speaker: Order. The hon. Member may wish to withdraw that remark.

Mr. Evennett: Of course I do, Madam Deputy Speaker, but when one is being barracked from a sedentary position—*[Interruption.]* Well, Conservative Members believe in reasoned debate.

The Government must start a new approach to ensure that young people have a better future. As our motion highlights, we have put forward proposals to try to alleviate the recession and its effect on young people. We look to the Government to take some of our suggestions on board. Today we have discussed, for instance, funds for adult and community learners, the Government's "equivalent or lower qualifications" cuts, and the reduced opportunities for those who return to work and for older people. The aim of our fund is to encourage further education enrolment and help people to acquire new skills.

The young people of our nation face a bleak situation because of the recession. We need a Government with vision, ideas, and proposals to alleviate the current crisis and build for the future. Our motion is a positive start. The Government are decaying, out of touch and incompetent. It is time for them to go, and for us to have a new Government who can do something for our young people.

6.50 pm

The Minister for Further Education, Skills, Apprenticeships and Consumer Affairs (Kevin Brennan): This has been an important debate, to which there have been excellent contributions from Members on both sides of the House. I greatly enjoyed the speech of the hon. Member for Bexleyheath and Crayford (Mr. Evennett), who, as ever, was passionate in putting his side of the argument. In emphasising the importance of now, he did not explain how cutting £5 billion now from Government spending and not matching the September guarantee now would help our young people through the recession, but no doubt he believed what he said.

I commend the hon. Member for Bristol, West (Stephen Williams) for his speech. He pointed out—interestingly, I thought—that there were fewer unemployed people in his constituency now, at the height of the recession, than there had been in 1997. Notwithstanding the seriousness of the economic downturn and the issues that we have debated this evening, that is testament to the Government's efforts to create jobs.

Stephen Williams: Will the Minister give way?

Kevin Brennan: Time is very short. As the hon. Gentleman knows, I am usually delighted to spar with him. It is, I think, testament to the strength of job creation over the past 10 years that even now, when a recession is upon us, the employment rate is higher in his constituency than it was back in 1997.

My hon. Friend the Member for North-East Derbyshire (Natascha Engel) called on us to have some hope, and I think that she was right to speak of hope for young people. One of the things that has emerged from the Government's 50 per cent. target is that more than 50 per cent. of young people from all socio-economic backgrounds now say that they want to go to university. There has been a big change in recent years, and it contrasts with some of the archaic attitudes taken by some, although not all, Opposition Members. In January 2006, when the present Mayor of London was shadow Minister for higher education, he said:

> "I wouldn't dream of having a numerical target. It's crazy to chivvy people into university when they are not suited to it."

That typifies the attitude that is sometimes displayed by the Conservative party.

The hon. Member for Monmouth (David T.C. Davies)—whom I like immensely; we are colleagues from Wales—made what I would describe as a proper Tory contribution to the debate. He told us what he thought university and education should be all about, but rather down-played the importance of the creative sector of the economy. That is not the only part of the economy, of course, but

the hon. Gentleman's speech showed that creativeness and entertainment are an important part of our national life, even if his comedy was sometimes inadvertent.

The hon. Member for South-West Norfolk (Christopher Fraser) made a serious point when he spoke of the need for local authorities to take more responsibility for 16 to 18-year-olds. That is exactly what the Government are doing through some of their further education policies. I agree that we should try to cut red tape for small businesses when it comes to apprenticeships, but I do not think that cutting Train to Gain is a very good idea if businesses are to be helped to improve the skills and aptitude of their work force. The hon. Member for Bexleyheath and Crayford mentioned that. I hope that he will ask his Front-Bench colleagues to revisit that policy, because I do not think it would be wise to take £1 billion from Train to Gain at this time.

The hon. Gentleman mentioned the Learning and Skills Council. I have acknowledged in the House the mistakes made by the LSC in the capital programme, but I can tell him that there is a capital programme. There has been record investment in recent years, the LSC has announced a further half a billion pounds of investment, and the Government have a forward programme of capital investment in further education, which his party has not guaranteed to match. I urge him to talk to his Front-Bench colleagues about that.

Christopher Fraser: Will the Minister give way?

Kevin Brennan: I have very little time, but I will.

Christopher Fraser: Will the Minister give me a guarantee that he will meet the consortium from Norfolk to discuss the issue at the earliest possible opportunity before the recess?

Kevin Brennan: I shall be happy to meet the hon. Gentleman and a representative from his constituency, although as I have inherited a large backlog of meetings from my predecessor, it may not be possible before the recess.

I, too, offer my sincere congratulations to the hon. Member for Mid-Bedfordshire (Nadine Dorries) and to her daughter on her success in obtaining her degree. The hon. Lady expressed the view that a number of people should not be taking up university places, because of the drop-out rate. Her party's motion calls for us to provide more university places this autumn although we have already achieved a record level, but I accept the sincerity and seriousness of her contribution. What she said about the American system of credits was important, and I know that my right hon. Friend the Minister for Higher Education and Intellectual Property is dealing with the issue.

A number of issues raised by both Front Benchers and Back Benchers deserve further discussion, not least that of apprenticeships. Despite the impression given by the Opposition Front-Bench team, the Government have rescued apprenticeships from oblivion. In 1997, the number of apprenticeships was dwindling to next to nothing and only 23 per cent. of that small number were completed, but we have trebled the figure. In January the Prime Minister announced a further £140 million package providing 35,000 additional places this year, which will allow us to deliver more than 250,000 apprenticeship starts. As I said, in 1997 the equivalent number of apprenticeships was 75,000, with fewer than a quarter being completed. I do not think that we are about to take a lesson on that from the Opposition. The hon. Member for South Holland and The Deepings (Mr. Hayes) mentioned level 3. In fact, the level 3 proportion of starts for 16 to 18-year-olds is rising, and the overall number has risen this year as a proportion of the number of apprenticeships being taken.

The subject of NEETs was also raised. We should bear in mind that people are not always in that position through no choice of their own. Some young people on gap years tend to be included in the count, as do young carers, people with disabilities, and people who volunteer. The fact is, however, that almost 80 per cent. of 16 to 18-year-olds were in education or training at the end of 2008, the highest ever rate. Six million are now working or in full-time education—the figure was 5.2 million in 1997—and the proportion of 16-year-olds not in education, employment or training is 5.2 per cent., the lowest rate for more than a decade. Obviously, because of the recession, the picture is serious. However, it is not entirely negative. As a result of the Government's commitment with the September offer and their commitment to apprenticeships, the number of 16 to17-year-old NEETs will fall, and more people will stay in education.

Time is short. Let me end by saying that there was a time when it was said that unemployment was a price worth paying, and that there was no such thing as society. That is no longer the case. This Government are committed to helping young people and helping people through the recession, and we will continue to do that.

Question put (Standing Order No. 31(2)), That the original words stand part of the Question.

The House divided: Ayes 190, Noes 287.

Division No. 181] **[6.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Baker, Norman
Baldry, Tony
Barker, Gregory
Beith, rh Sir Alan
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burt, Alistair
Burt, Lorely
Campbell, rh Sir Menzies
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Gauke, Mr. David
Gibb, Mr. Nick

Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howard, rh Mr. Michael
Howell, John
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. John Baron and Mr. Philip Dunne

NOES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Chwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald

Keeble, Ms Sally
Keeley, Barbara
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Waltho, Lynda
Wareing, Mr. Robert N.
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Dave Watts and Kerry McCarthy

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)).

That the proposed words be there added.

Question agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House recognises this Government's commitment to not repeating the mistakes of past recessions, and to ensuring young people are not trapped in long-term unemployment; notes since 1997 there are 300,000 extra students in higher education and public funding has increased by over 25 per cent. in real terms; praises this Government's commitment to helping graduates through the downturn, including an ambition for 5,000 extra internships this autumn; notes investment in apprenticeships is over £1 billion this year and that in 1997 there were only 65,000 starts compared to 225,000 in 2007-08; further notes the success of Train to Gain in supporting over 1.2 million course starts; further notes the September Guarantee offering all 16 to 17 year olds an apprenticeship, school, college or training place; and commends this year's Budget for investing £1 billion in the Future Jobs Fund to guarantee a job, training or work experience for every young person unemployed for 12 months, part of a £5 billion investment in tackling unemployment.

Identity Cards

Madam Deputy Speaker (Sylvia Heal): May I inform the House that Mr. Speaker has selected the amendment in the name of the Prime Minister and has imposed a 12-minute limit on Back-Bench speeches?

7.16 pm

Chris Grayling (Epsom and Ewell) (Con): I beg to move,

That this House believes the Government's identity cards scheme should be cancelled immediately.

May I begin my remarks with an apology to the Home Secretary? When he made his statement about identity cards last week, I joked with him that his announcement was a fudge arranged between a new Home Secretary who wanted to scrap the ID cards scheme and a Prime Minister who did not. I had, not unsurprisingly, assumed that the result was an ugly compromise between the two, resulting in a voluntary scheme that will cost a large amount of money but will not work. I had also assumed that the Home Secretary had been forced into it in order to keep the Prime Minister off his back, but it now seems that I was completely wrong. The Prime Minister had nothing to do with last week's announcement—in fact, he did not even know all the things that the Home Secretary was going to announce. On reflection, I suppose that is hardly surprising, given that this Prime Minister is clearly no longer in control of his Cabinet, the Chancellor keeps going off piste and the Home Secretary is now joining him.

What did surprise me was what that statement actually means. It means that the completely daft announcement made last week that the Government's flagship ID card scheme, which we were once told was designed to play a central part in the battle against terrorism, will be voluntary was not another stupid pronouncement from the Downing street bunker, but was, in fact, the brainchild of the new Home Secretary. Perhaps my apology should be to the Prime Minister and not to the Home Secretary, who was clearly off his rocker when he made that announcement. How on earth is a voluntary ID card scheme going to work? Will the terrorists sign up? Somehow, I do not see the al-Qaeda sleeper cells all rushing down to Boots with their 30 quid to make sure that they have their own ID cards. What about the organised criminals? Will the traffickers and drug smugglers all rush to sign up? Somehow, I doubt it. What about the benefit fraudsters? They probably will not sign up either. So what we are left with is a multi-billion pound ID scheme for young drinkers in pubs and the vain hope that there will be enough volunteers to pay for it.

Although we did not agree with them, at least previous Home Secretaries appeared to have some method to what they were doing—this one appears to be taking a flight into cloud cuckoo land. How many millions of people does the Home Secretary honestly think will get up one morning saying to themselves, "I know, I'll skip the curry tonight, go down the shops and spend 30 quid on an ID card instead."? How on earth can a voluntary ID card be of any use in law enforcement?

Let us make no mistake about it: the ID card scheme was the magic bullet that the Government told us would solve everything from crime to immigration fraud and terrorism. We were told that once it was introduced, citizens would be safe in the knowledge that there was a piece of plastic and a database that, when combined, would provide the single source of truth about a person.

Mr. John Redwood (Wokingham) (Con): My hon. Friend is making a very good point. Does he agree that it was always absurd to suppose that an illegal immigrant coming into this country would somehow escape all passport checks but would suddenly be caught out by a check on an ID card? It is completely unnecessary, is it not, to demand an ID card as well as a passport? We should use the passport.

Chris Grayling: My right hon. Friend is absolutely right. Of course, if we had a proper border police force in this country—that is what we need—the problem would not arise in the first place because we would intercept those illegal immigrants at the border.

We were told that with the card, nobody need any longer fear that their identity could be stolen, because the Government would have it under lock and key—unless of course someone decided to burn the contents of the database on to a CD and then post that through a letter box, leave it in a car or on a roundabout or follow any of the other imaginative ways that the Government have worked out for losing our data. No longer would people need fear that crimes would go unsolved. Between the DNA database, the ID cards and the identity register, the police could just take a quick swab, poke a few buttons and, hey presto, the criminal's identity would be revealed. No longer would people need to fear terrorism. For all the comments that the Home Secretary made last week about the terrorism issue being overplayed, we have all sat here month after month, year after year while his predecessors have told us that voting against ID cards was betraying the nation because they were an essential part of the war against terror. Now it seems that either those views were exaggerated or the current Home Secretary has got it wrong.

Dr. Nick Palmer (Broxtowe) (Lab): The hon. Gentleman says that he has consistently voted against these proposals. Will he cast his mind back to 23 January 2002, when he voted in favour of my proposal to introduce ID cards?

Chris Grayling: The hon. Gentleman will be aware that in the early part of this decade, we were more supportive of the Government's proposals than we are now. We have become completely convinced by what we have seen over the years from successive Home Secretaries that this Government are incapable of delivering this scheme. I have spoken with many people in the security world and not one has argued that we are wrong about ID cards and that they are an essential part of the security tool kit.

I ask the Home Secretary why he has changed his mind about ID cards and terrorism. After all the statements by the Government over so many years that ID cards were an essential part of combating terror—including comments after incidents in this country and in others—what has suddenly changed?

The Government told us that the ID card would keep us safe, that it would prevent crime and terrorism and that it would tighten up our immigration system. We are now being told that it will be a benign, handy-sized piece of plastic that will help us to travel around Europe

in peace. Of course, it will also be useful for those aged under 21 and trying to buy a drink in a pub. We are left, according to the Home Secretary, with none of the advantages his Government have trumpeted, save continental travelling, and all of the disadvantages. We are left with the staggering costs to which the Government have already signed up through the poisoned pill contracts; the identity register; the cost to the individual; and the hidden nasty that is still there—compulsion by the backdoor of the passport office.

Jacqui Smith (Redditch) (Lab): Will the hon. Gentleman give way?

Chris Grayling: I will happily give way to the former Home Secretary.

Jacqui Smith: A central plank of the Opposition's argument is the savings that they argue could be made by scrapping the scheme. The credibility of their case is therefore dependent on the hon. Gentleman being able to tell us how much can be saved, over what time scale and what that money would be spent on. Can he do so?

Chris Grayling: The credibility of what we say will be determined by whether this scheme is right or wrong. We have argued all along that this scheme is wrong, and we are now seeing the Government back away from it. I fear that the right hon. Lady and her predecessors have written poison pill clauses into the contracts for this project that will make it much more difficult for a future Government to back away from the scheme. I will happily give way to her again if she can tell us that there are no such clauses in any of the contracts that would tie the hands of a future Government. If this Government are tying the hands of their successor, as I fear they may be, that is an unacceptable practice by any Administration. It may make it harder for us to do the right thing, but it will not stop us. The right hon. Lady does not appear to want to intervene on that point.

Mr. James Clappison (Hertsmere) (Con): Is my right hon. Friend struck by the fact that the right hon. Lady, one of the main architects of this policy, did not make a single argument in favour of ID cards in her intervention, and instead chose to ask the Opposition questions about it? Does not that speak volumes?

Chris Grayling: It does indeed speak volumes, but then very few positive reasons for the scheme remain. One reason why I was taken aback by the reports at the weekend was that I thought that the new Home Secretary had realised that and was trying to scrap the scheme outright. I was disappointed to discover that that was not the case. We will have to await the arrival of the new Government to secure that change.

Of course, the battle over ID cards between Ministers has been played out over the airwaves and the newspaper columns for some time now. We have seen an array of different opinions aired about how best either to keep or end the scheme. In March, the then Home Secretary insisted that the scheme was going ahead. She said:

> "We are on track to introduce identity cards this autumn, and we have already started to issue ID cards for foreign nationals. Next month, we plan to award two contracts for the national identity scheme".—[*Official Report*, 23 March 2009; Vol. 490, c. 15.]

However on 28 April, a national newspaper reported a "senior Cabinet minister" as saying:

> "My sense is that ID cards will not go ahead. We have to find savings somewhere, and it would be better to shelve schemes like this that aren't popular."

On the same day, another former Home Secretary, the right hon. Member for Sheffield, Brightside (Mr. Blunkett) also called for the ID card scheme to be scrapped, in favour of mandatory biometric passports. Asked whether ID cards could be dropped, he said:

> "I think it is possible to mandate biometric passports. Most people already have a passport but they might want something more convenient to carry around than the current passport and may be able to have it as a piece of plastic for an extra cost."

Then on 29 April, when asked at the Institute of Directors conference if he supported ID cards, the Chancellor rowed back and said:

> "ID cards are an interesting point because the lion's share of the expenditure is going on biometric passports. People are rightly concerned about who comes in and who goes out of this country. Your old conventional bog-standard passport was okay but it was not too difficult to improvise, shall I say. The biometrics means that it's very much more difficult. That is the bigger cost."

So he made a commitment to biometric passports, but was very cautious about ID cards.

When the current Home Secretary took over, things looked much brighter for those opposing ID cards. He reportedly launched an urgent review of the identity card scheme, paving the way for a possible U-turn on the policy. A source was quoted as saying:

> "Alan is more sympathetic to the civil liberties arguments than previous home secretaries. He is genuinely open minded. He wants to see all the evidence and then he will make his decision before the end of the summer".

Statutory instruments relating to the scheme were due to be debated this week but have now been postponed.

Keith Vaz (Leicester, East) (Lab): It is not the fact that Ministers have made different statements at different times that concerns some of us: it is the fact that we now have a scheme that will be compulsory for some people who are resident in this country and voluntary for others. The two-tier system being created is the real problem.

Chris Grayling: I understand that point. The issue for me, with the various different views coming out of the Government, is that we have a total lack of strategy. The Government have forgotten what the scheme is all about and they do not seem able to explain its purpose. We have something that is neither fish nor fowl, and that is no way to run what would be one of the biggest schemes of its kind that this country has ever seen.

Bob Spink (Castle Point) (Ind): Can the hon. Gentleman explain to the House what the Conservative party intends to do to tighten up controls on foreign nationals who work and live in this country, if it does not go forward with an ID scheme?

Chris Grayling: The hon. Gentleman clearly was not listening to what I said a moment ago. The big issue that we have when it comes to people getting into and out of the country is the lack of a proper border police force. That has been central to the strategy that the Conservative party has put forward for a long time. The Government

[Chris Grayling]

made an attempt to copy the policy two years ago but failed to do so properly. We need properly policed borders.

The new Home Secretary raised expectations that he would change things, but immediately he rowed back from that and said:

"We remain on course to bring in a policy that we believe has widespread public support".

He added:

"In my very first interview as Home Secretary I made clear that ID cards were a manifesto commitment and that legislation governing their introduction was passed in 2006".

It was reported that the contract to make the cards—for which Fujitsu, IBM and Thales were bidding—would not be awarded until the autumn of 2010, a year later than expected. Then came last week's announcement, in which the Government abandoned plans to make identity cards compulsory for British citizens, to scrap the airside scheme and to extend the voluntary scheme in Manchester to the north-west as a whole. I have to say that I still do not understand how a voluntary scheme works. What is the policing benefit of a voluntary scheme. If a police officer stops someone in the street, can he ask for an ID card? The person can say, "I didn't want to have one, so I can't produce it." Where is the benefit to an individual of buying an ID card and, more to the point, where is the benefit to the country of spending billions of pounds on setting up the mechanisms in the hope that someday enough people will buy enough of the cards to get that money back? It seems to me to be a scheme without a purpose.

Even last week's announcement was not the final thing to be said. Despite what appeared to be a final clarification from the Home Secretary, the noble and dark Lord Mandelson intervened and insisted that the Government still planned full take-up of ID cards. He insisted that the Government have

"always made clear we want to move to a full take-up of ID cards and what Alan Johnson has said is fully consistent with that."

He was quoted as saying that last week. Perhaps the Home Secretary could clarify. Given that the noble and dark Lord is de facto the Prime Minister of the country at the moment, and appears to have rowed back on the Home Secretary's commitment of last week that the scheme would only be voluntary, will the Home Secretary clarify the scheme's status? Will he categorically rule out compulsion and will he say that Lord Mandelson's comments were wrong?

David Davis (Haltemprice and Howden) (Con): It is no surprise to any of us that the Darth Vader of modern politics is in favour of the scheme. However, my hon. Friend is being unfair on my previous opponent the former Home Secretary, the right hon. Member for Redditch (Jacqui Smith). The author of the scheme was the right hon. Member for Sheffield, Brightside (Mr. Blunkett). He has said, in these terms, that the database society is a bad idea. Let us not worry about the card or the passport. What is my hon. Friend's opinion of the national identity register, which is the key threat behind the system?

Chris Grayling: My right hon. Friend has raised a valid point that I had planned to come on to in a moment. The truth is that the national identity register establishes a level of data collection that goes far beyond anything that has ever been required for passports or that even needs to be required for a system of biometric passports. It remains our intention, as it was when my right hon. Friend was shadow Home Secretary, not to proceed with the national identity register. I see little reason why the rules that apply to the application for a passport should change radically given the current circumstances. To extend those rules to a national identity register such as that proposed by the Government at a time when the nation's finances are straitened and when genuine questions arise about civil liberties seems to suggest that it is a project that we do not need to pursue.

We need clear answers to some of the questions that remain before the Government. The terms of the motion that we have tabled gives the House a clear choice to vote for or against the scheme. First, can we have some transparency about the existing contracts and the amount of taxpayers' money that has been spent already? More to the point, how much public money has been committed to the scheme?

As the House will know, I have written to the contracting groups—as did my right hon. Friend the Member for Haltemprice and Howden (David Davis) before me—to advise them that a Conservative Government will cancel the scheme. I repeat that warning today. One of the first acts of an incoming Conservative Government will be to cancel the ID scheme. The scheme and the register are an affront to British liberty, have no place in a Conservative Britain and are a huge waste of money.

Chris Huhne (Eastleigh) (LD): Will the hon. Gentleman confirm that he will also cancel the contracts that are in place to establish the centralised biometric database?

Chris Grayling: We will certainly cancel the national identity register. As the hon. Gentleman knows, we might be in a position in which, in order to allow people to travel to the United States, we need to process biometric data and to pursue the introduction of biometric passports. We have not backed away from the biometric passport option and, I understand, nor has he. Clearly, data collection will be necessary for biometric passports. However, it is not our intention to proceed with a compulsory national identity register.

What do the Government intend—this relates to the point made by the hon. Member for Eastleigh (Chris Huhne)—to include in the national identity register? Section 4 of the Identity Cards Act 2006 gives the Secretary of State the power to designate certain documents under the Act, such as passports. As the explanatory notes to the Act make clear, that means that

"if, as is intended, passports were designated documents, an individual in applying for a passport must at the same time include an application to be entered in the Register if he is not already entered in the Register".

The Home Office consultation on secondary legislation on ID cards, published in November, reaffirmed the Government's intention to designate passports. It said that:

"once passports are designated under the Act, it will be possible to record each individual's identity details, including fingerprint biometrics, on the National Identity Register"

The Government proposed holding applicants' referees' details on the register, too. That is very different from the process of simply applying for a biometric passport, as the hon. Member for Eastleigh will, I am sure, agree.

The Home Office's spurious idea of what is voluntary was demonstrated when the consultation went on:

"Designation is not the same as 'compulsion' as there is no penalty if someone chooses not to apply for a designated document".

However, as we discovered this afternoon when my hon. Friend the Member for Ashford (Damian Green) asked his question, it appears that one cannot "unvolunteer" for one of these passports. I would be interested to hear the Home Secretary's confirmation of that.

Martin Linton (Battersea) (Lab): What will the hon. Gentleman achieve by abandoning the national identity register but maintaining a register, also maintained by the Identity and Passport Service, of those who have biometric passports? The information on the identity card is identical to that on the passport. It consists of only five bits of information: name, date of birth, place of birth, nationality and address.

Chris Grayling: I am afraid that the hon. Gentleman is wrong. He needs to go and look at the legislation and he will discover that nearly 50 categories of information need to be provided under the Act. That is a huge jump from the current means of applications for passports.

Martin Linton: I know that there are 54 places on the computer where the information can be put, but all the information other than name, date of birth, place of birth, nationality and address is identity information from other Government Departments—the national insurance number, the national health service number and so on. They are simply cross-references with other Departments. The only personal information on an ID card, as on a passport, will be name, age, date of birth, place of birth and nationality.

Chris Grayling: If that is the case, it prompts the question why we need a database for national insurance numbers. The current application system for passports seems perfectly adequate to me. If we had to have biometric passports, the data will clearly have to be stored. I see no need to create a much more substantial database containing 30 or 40 extra items of information that are not necessary in an application for a passport.

Chris Huhne: I am grateful to the hon. Gentleman for that point, but I am not sure that I would accept that it is necessary to store biometric data. After all, the document would have the biometric data and it is an additional guarantee of veracity. Why is it necessary to go one step further and store it centrally?

Chris Grayling: My view is that we should do the minimum that we have to do. If data are submitted for a passport application, they will probably be retained in the passport database. We do not need to create a gargantuan list of items with biometric data attached. We do not need to store somebody's national insurance number and biometric data side by side with all the other items to which the hon. Gentleman is referring on a national identity database. We need a passport system.

David Davis: The issue is about more than the fact that we do not need to do this. I feel sympathy for my hon. Friend in dealing with the slow learners on the Government Benches. We are talking about a risk. The Government have already lost 25 million records. What will happen when they lose every other record—when they lose the metadatabase with access to all the databases in the Government? This is a serious danger; it is more than an inconvenience.

Chris Grayling: My right hon. Friend is absolutely right. He is also right to point out the Government's lamentable record of managing data. The hon. Member for Broxtowe (Dr. Palmer) asked why the Opposition have formed the view that we have. We have formed that view for two reasons. First, there are strong civil liberties arguments against an identity cards scheme. Secondly, we have no faith whatsoever in this Government's ability to manage such a scheme on the basis of cost or data protection. They have proved to be systematically incompetent over the years in managing such a big scheme and they should not be trusted with one.

Mr. Ben Wallace (Lancaster and Wyre) (Con): Is it not the case that the fundamental difference is that the biometric passport database is a static database—one submits one's details, they are held there and they are effectively used as verification when one applies to update one's details—whereas the national identity register is a live database? It is not only constantly updated with, effectively, one's details, as one is obliged to do under the 2006 Act. It is also constantly updated every time it is interrogated by public service deliverers such as the NHS, and so on, and therefore forms a fundamental footprint of how one lives one's life and how one accesses public sector services. That is the fundamental difference.

Chris Grayling: My hon. Friend is absolutely right. On many occasions over the years, we have seen the Government introduce something that develops mission creep. Step by step, something that was designed for a particular purpose becomes much more substantial. We are talking about the need to have a database for passports and for nothing else. The Government's proposal for a national identity register is something that, as sure as night follows day, will develop an acute mission creep and will involve far more things than we would ever countenance as acceptable.

Martin Linton: The hon. Gentleman is very generous in giving way. But there we have it, do we not? The hon. Member for Lancaster and Wyre (Mr. Wallace) has identified the only difference between the passport register and the national identity register: the passport register is kept up to date when people change address. Is that the Opposition's objection? The hon. Member for Epsom and Ewell (Chris Grayling) has not produced another difference between a list of passport numbers—people who have passports—and a national identity register. They are identical, except on that one point.

Chris Grayling: I am afraid that the hon. Gentleman is talking complete nonsense. He needs to go back and read the Identity Cards Act 2006 and look at the difference between the two schemes, one of which is a vast collection of personal data, as opposed to a limited amount of information needed to issue a passport. If he does not understand the difference between the two, I am afraid that I will not be able to help him.

Does the Home Secretary intend to press ahead with making it compulsory for passport applicants to be entered on to the national identity register? When will

[Chris Grayling]

that happen? Can he give us an updated statement of the costs of the scheme? How much is the total bill? He talked about the scheme being self-funding. How long will that take? How many people will need to sign up for an identity card before the scheme becomes fully self-funding? Frankly, I do not believe that it is possible to make the scheme self-financing. That raises a third question—the subject of the motion tonight—straightforwardly, why cannot he just scrap the scheme now?

While the Government have been promoting a scheme that is becoming less and less substantial by the week, a considerable opportunity cost has been lost to the country. Although the Home Office's considerable resources could have been devoted to sorting out the problems that we actually have, the Government have been concentrating on inventing the answer to a problem that we do not have. They could have been working on sorting out the asylum system and the immigration system, designing a better strategy for countering terrorism and dealing with policing issues, yet they have devoted eight years to a massive national folly.

I had hoped that the signals given out by the Home Secretary when he took office meant that he had brought a degree of common sense to his new job. How wrong I was. I should not have been surprised, though. The Government are no longer capable of taking clear-cut and straightforward decisions; instead, they just dither. If they are not sure about ID cards, they say, "We're not sure if we can scrap them, so let's have an unworkable, botched job instead.". That is no way to govern this country and no way to run the Home Office. They should either stand by their principles and believe that the scheme has a purpose—in which case, stick with it and get on with the job—or they should accept that they were wrong and make big changes. Sitting with one leg on either side of the fence is the most ungainly and painful of all options, but the Government have long since forgotten how to do anything else. So, tonight, we have given the House an opportunity to put the Home Secretary out of his misery and to give a clear answer on ID cards: get rid of what is a ludicrous fudge and scrap the ID card scheme once and for all.

7.42 pm

The Secretary of State for the Home Department (Alan Johnson): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"acknowledges the continued and growing problem of identity fraud in the UK; accepts that a universally accepted biometric passport or identity card linked to a national identity register will help secure the identity of an individual and reduce the incidence of multiple identity fraud; further recognises that for certain groups, including young people, an identity card will enable them to provide proof of age and more broadly enable people to travel throughout Europe; considers that it is right that non-European Economic Area foreign nationals should be obliged to apply for an identity card which provides a simple and effective method of determining the right of residence and entitlement to employment and benefits; welcomes the fact that for those joining the National Identity Service there will be a choice between identity cards and biometric passports; and notes the fact that any decision on whether membership of the scheme should be compulsory would require further legislation."

My hon. Friend the Minister for Borders and Immigration is hotfooting it from Heathrow even as I speak, and will reply to the debate.

Having spent my first few weeks as Home Secretary looking at this issue again from first principles, I am more convinced than ever that the national identity service is a sane and rational policy that needs to be implemented rather than scrapped, and accelerated rather than delayed. When I announced the results of my deliberations in a written ministerial statement to the House last week, it was reported in *The Guardian* as

"a decision to press ahead with the main elements of the national identity card scheme",

and by *The Independent* as

"the last rites for ID cards".

The Guardian, as so often, actually got it right.

The policy was forged following full public consultation and a supportive report by the Home Affairs Committee in 2004. The former leader of the Conservative party, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) said in December of that year:

"We must protect our citizens in every way we can and in my judgement, that includes ID cards."

I was fascinated to hear in the intervention by my hon. Friend the Member for Broxtowe (Dr. Palmer) that the hon. Member for Epsom and Ewell (Chris Grayling) supported ID cards. I have it here in front of me now: on 23 January 2002, under the heading "Identity Card—Motion for leave to introduce a Bill", just 13 Conservative Members supported that Bill, one of whom was the hon. Member for Epsom and Ewell. So we have a consensus, and his speech can be read as an effort to say, "We'll introduce an identity card scheme," because most of what he said related to what the Government could or could not do, and I suspect that we have found a covert supporter of the policy. Of course, he would not be alone, with so many other Conservative Members supporting the policy, too.

Mr. Mike Weir (Angus) (SNP): The right hon. Gentleman has just said that the identity card is about the safety of the British people, but one of the problems with the scheme is that it has become the panacea for all the Government's problems, from benefit fraud to terrorism. Will he set out clearly what he believes the purpose of an identity card is?

Alan Johnson: I will certainly do that, but the hon. Gentleman will have to be patient for a while. I am going through the policy in chronological order. In 2002, the hon. Member for Epsom and Ewell supported identity cards. In December 2004, the then leader of the Conservative party supported identity cards. The following year, the manifesto on which my party successfully stood in the general election contained a commitment to introduce identity cards. There was no reference in that manifesto to compulsion and no mention of their use in fighting terrorism. So the manifesto made no spurious claims of what identity cards would do. We won the election. Parliament subsequently approved the legislation, and the Identity Cards Act received Royal Assent in 2006.

Damian Green (Ashford) (Con): The right hon. Gentleman suggests that there was never any mention of terrorism. The Prime Minister described identity cards as an important weapon in the war against terrorism, and said that it was crucial to the destruction of terrorism that we should be able to spot quickly where multiple

identities are being used. For the Home Secretary to stand there and say that the Labour party has never claimed that ID cards would be useful in the fight against terrorism is simply wrong.

Alan Johnson: The hon. Gentleman is struggling a bit. The Prime Minister was absolutely right in everything that he said, as I was right in what I just said. Our 2005 manifesto—that is what I said—did not contain any reference to compulsion, or to ID cards as a weapon in the fight against terrorism.

Chris Grayling: The right hon. Gentleman suggests that I have changed my mind. He clearly voted for motions and supported policies on compulsion and the importance of ID cards in combating terrorism. When did he change his mind?

Alan Johnson: Let me say it one more time: the platform on which we stood at the 2005 election—the manifesto that said that we would introduce ID cards—made no mention of compulsion and no mention of terrorism.

Martin Linton: My right hon. Friend passes rather quickly over the vote in December 2004, but is he aware that all the Conservative Members here this evening voted for the Second Reading of the Identity Cards Bill, with—I must add, to be fair to him—the sole exception of the hon. Member for Ashford (Damian Green)?

Alan Johnson: I am grateful to my hon. Friend: it gets better and better all the time. So why, given all this and the fact that every public opinion poll then and now shows substantial public support for identity cards, should we leave the path of good governance and common sense and wander off into the dense ideological undergrowth that the motion from Her Majesty's Opposition tries to tempt us towards?

Pete Wishart (Perth and North Perthshire) (SNP): The right hon. Gentleman will know, because he pays great attention to such things, that the Scottish Parliament overwhelmingly rejected the concept of ID cards—not even one Labour MSP was prepared to support it. Will he respect that decision? Will he ensure that people in Scotland will not have to use ID cards, which no one in Scotland wants, to access public services?

Alan Johnson: This is not a devolved issue, as the hon. Gentleman knows. Of course, we have made it clear since 2007 that if people want to use their biometric passports, which all parties agree on, as their identity card, there is no need for them to get an identity card as well. Their passports will do to verify their identity.

As I understand it, three essential arguments are being deployed against the introduction of identity cards. The first is that they are unnecessary, the second is that they are too expensive, and the third is that giving people a single, safe and secure way to verify and protect their identity—for the benefit of the hon. Member for Angus (Mr. Weir), I should explain that that is the justification for the cards—will damage civil liberties.

Mr. David Winnick (Walsall, North) (Lab): My right hon. Friend is right, of course, to set out the attitude previously taken by the Tories—or at least, by quite a large number of them—towards identity cards. However, on Tuesday it will be four years since 52 people were slaughtered by murderous psychopaths. Will my right hon. Friend accept, as his predecessors did, that no identity card scheme would have prevented the terrible events of four years ago?

Alan Johnson: We will indeed mark four years since 7/7 tomorrow. I was on "Any Questions?" on 8 July 2005, the next day. The right hon. Member for Witney (Mr. Cameron) was on the panel as well. I was a member of the Cabinet, and at no time that evening, in that very sombre debate, did I claim that identity cards would have stopped that dreadful attack. Nor have I ever heard one of my predecessors, or anyone on the Labour Benches, claim that. It is a complete fallacy to suggest that anyone ever did. The one thing that united all the people on the panel that evening—people of all parties—was our abhorrence of the outrage, and our absolute determination to ensure that we do all that we can to prevent such a thing from happening again. I have not used that argument in putting the case. Nor did my predecessor or her predecessor, so I think that it is a spurious argument.

Several hon. Members *rose—*

Alan Johnson: I shall give way to the right hon. Member for Haltemprice and Howden (David Davis) first.

David Davis: I thank the right hon. Gentleman—and friend. The simple truth is, of course, that the then Home Secretary said that identity cards would not have prevented the outcome, but the Prime Minister subsequently said that they would be a help in defeating terrorism. The Home Secretary has to deal with that. Let me bring him back to the issue of improving the security of our identities. His Government have had the misfortune to lose the records, including bank account details, of 25 million people. When the Government lose someone's bank account details, that person can change their bank account. What do they do when the Government lose their fingerprints?

Alan Johnson: That is obviously an issue in the debate. The simple fact is that the information that went missing was downloadable. The information on the national identity register will not be downloadable. It is as safe and secure as it could possibly be—as safe as any system that we could possibly devise. According to the right hon. Gentleman's argument, at no time in future could the Government have any databases, because some Inland Revenue records were lost. We have a huge database in the NHS, at the Department for Work and Pensions and at the Driver and Vehicle Licensing Agency. It is nonsense to suggest that the knock-down argument against identity cards is that future Governments of all political persuasions should never set up such a database.

Mr. Stephen Dorrell (Charnwood) (Con): May I bring the Home Secretary back to the subject of the efficacy of identity cards? I accept that he has not claimed that identity cards would have prevented 7/7. The challenge for him is to identify any criminal activity that the introduction of a voluntary system of law enforcement

[Mr. Stephen Dorrell]

would have prevented. Unless he can do that, he cannot demonstrate that identity cards would be efficacious in delivering the public policy objectives that the Government claim.

Alan Johnson: I will come on to that in a second, but the right hon. Gentleman cannot suggest that identity cards would not make a contribution to tackling identity fraud, benefit fraud, money laundering, people-trafficking, or a whole range of other problems. Incidentally, they would make a contribution towards tackling terrorism; as I have said, identity cards are a tool, not the toolbox. The hon. Member for Epsom and Ewell—my new friend as a supporter of ID cards, I discover—says that he has never spoken to anyone in the security services who says that ID cards would make any difference. In the five weeks that I have been in this job, I have not spoken to anyone in the security services who says anything other than that they would make a valuable contribution.

I set out the three principal arguments against identity cards: they are not necessary, they will cost too much, and they will interfere with civil liberties. I shall now take each of those in turn. Right hon. and hon. Members on both sides of the House will, I am sure, recognise that people traffickers, drug dealers and, indeed, terrorists depend on ready access to bogus documents. At present, there is no single effective way of recording or establishing someone's identity. That makes people more vulnerable to identity fraud, makes the job of the police and others in tracking suspects more difficult, and makes proving one's own identity, or verifying someone else's identity, a laborious and complex process. It puts us in stark contrast to other European countries, most of which have a central and secure way of registering and tracking people's identity.

There are numerous databases that hold personal details of people living in this country, but none of them exists purely to verify someone's identity. Personal information on anyone who holds a driving licence is held on the DVLA database. The NHS holds personal details of everyone who is registered with a general practitioner and allocates them a unique NHS number, which apparently used to be their identity card number before identity cards were scrapped in 1952.

Chris Huhne: I am grateful to the Home Secretary for mentioning the NHS database, because it is a rather good example of the sort of problems that we may have in store. It was originally estimated that the Spine system would cost £2.3 billion, but the National Audit Office now puts the figure at £12.4 billion and rising. What assurance can he conceivably give the House that the identity card scheme, and the national identity register, will not have a similar catastrophic effect on the public finances?

Alan Johnson: The hon. Gentleman is completely wrong. The assessment in 2003-04 of how much the NHS database would cost was £12.3 billion. Its cost now is assessed at £12.4 billion. It has gone from £12.3 billion to £12.4 billion; that was always the cost. The problem with the NHS database is that we have not been able to spend the money that was originally put aside, because it has been too slow in being constructed. It is not a problem of spiralling costs; the hon. Gentleman is absolutely wrong on that.

Several hon. Members *rose—*

Alan Johnson: I want to make progress, but I will give way one more time, to my hon. Friend the Member for Wolverhampton, South-West (Rob Marris).

Rob Marris (Wolverhampton, South-West) (Lab): I remain a supporter of identity cards: in the context of illegal immigration, identity is a huge problem. However, I have to say to my right hon. Friend that several Labour Members have concerns about the technology and the cost. As he just pointed out, the NHS computer system is years behind schedule. Will he assure me that that will not happen with the national identity register? I am pretty dubious about both the technology and the cost.

Alan Johnson: I do not want to get on to the subject of the NHS database, although I am tempted. The simple fact is that the identity cards system is on time and on schedule. It has been on schedule from the time it was set up. The hon. Member for Epsom and Ewell asked me for a report on the costs: we give one every six months and the most recent was in May, so I believe that I can placate my hon. Friend the Member for Wolverhampton, South-West on that point.

Several hon. Members *rose—*

Alan Johnson: I will give way to the Conservative and Liberal Democrat Front Benchers, and then I will make some progress.

Chris Grayling: I have a simple question for the Home Secretary: how many people will have to volunteer to take up an ID card, and will have to pay their £30, before the scheme breaks even?

Alan Johnson: I do not know the answer to that question, but I will let the hon. Gentleman know. The point is that we have always put forward a voluntary scheme. We said in the manifesto that it would be voluntary. It was in the Bill that we took through Parliament that it would be a voluntary scheme. We want it to be universal, just as it is voluntary to carry credit cards and they are universal, and just as it is voluntary to have lots of other items that are universal. We have never based our assessment of the costs on the ID cards being compulsory.

Chris Huhne: I am grateful to the Home Secretary for giving way again, but I am slightly astonished by that reply. He has just announced a change in policy as regards airside workers, for whom identity cards were to have been compulsory. The key point that the hon. Member for Epsom and Ewell (Chris Grayling) makes, which I think is absolutely correct, is that as soon as we make the scheme voluntary, we spread the substantial overhead cost of the scheme among fewer and fewer people. One then cannot raise the amount of money that one expected, and the cost to the Exchequer is substantially higher. The risk of the cost to the Exchequer will be dramatic. What does the Treasury think about that?

Madam Deputy Speaker: Order. May I ask Members who make interventions to be brief? There is a limited amount of time left for Back Benchers' speeches in this debate.

Alan Johnson: I shall come to cost in a moment. As for airside workers, we expect that ID cards would be made free to them for the next 18 months. We expect that removing the argument about whether identity cards are compulsory and ensuring that those workers get the same benefit as all other British citizens from a voluntary scheme will mean that we can speed up the process and get much wider coverage over the next 18 months.

The details of the 80 per cent. of people who have a passport appear on the UK passport database. The DWP allocates national insurance numbers and holds personal details and benefits records. The upshot is that whenever a GP surgery, employer, job centre, bank or passport agency tries to verify someone's identity, they have no foolproof way of doing so, which makes it both easier for people to create multiple identities and more burdensome for people to prove their identity.

Identity fraud has grown, not diminished, since the debate began in 2004. The UK's fraud prevention service, the credit industry fraud avoidance system—CIFAS—estimates that the incidence of fraud whereby someone impersonates a victim in order to take over their bank account more than tripled between 2007 and 2008. A study in the US has ascertained that each time an identity is stolen it takes the victim, once they are aware, an average of 330 hours to sort everything out and claim back their own identity.

The question is: do we need to deal more effectively with the problems of identity fraud, which is a feature of illegal working, benefit fraud and terrorism? The answer must surely be yes. Will a national identity register help? Of course it will. The introduction of fingerprint biometric passports from 2012 will secure identities much more effectively for 80 per cent. of the adult population. The details of everyone aged 16 or over who applies for a passport will no longer be held on the passport database but on the national identity register, and will be linked to their unique biometric data.

Just like the current passport database, the national identity register will record someone's name, date and place of birth. It will also record their current address. It would not hold details of any criminal record or any medical information. Like the DVLA database, it will require people to update their details when their name or address changes. It will be overseen by an independent identity commissioner, and all arrangements for sharing data will be subject to parliamentary approval. Unlike any other existing databases, any unauthorised disclosure of information in the national identity register will be a specific criminal offence that could lead to two years' imprisonment. Tampering with the register could lead to a 10-year sentence.

The second argument is about cost. If identity cards were scrapped today, it does not follow that the Government would save any money at all. Of the total cost of £4.95 billion, 70 per cent. is for the systems to produce the new biometric passport, which the Opposition support. A further £379 million is for the compulsory scheme for foreign nationals, which the Opposition also support. Over 10 years, the operating costs of identity cards will be recovered through fees, so they are not a charge on general taxation over that period. Any initial savings from scrapping identity cards would be offset by the loss in fees that they would generate, which would make a significant contribution to the costs of technology and other systems necessary for the introduction of biometric passports.

The third argument is the civil liberties argument, which unites the Liberals with the libertarians. Holding an identity card is not a new concept for people in the UK. In the second world war, all British citizens were issued with an identity card that showed their name and address and an identity card number, which was held on a national register. When this requirement was abolished seven years after the war ended, the national register was transferred to the newly formed NHS. Identity cards do not create or extend the Big Brother society; they are an attempt to control it—*[Laughter.]* They are also an attempt to give every individual a greater right to determine the use of their own identity, where so many wish to abuse it. I presumed that was why the hon. Member for Epsom and Ewell supported the concept in 2002. I do not know why he is laughing now.

In today's world, people invariably carry a range of plastic cards because they are required to prove their identity regularly. We need them to get into our place of work, to access cash, to pay our bills. Everyday events such as signing a tenancy agreement, starting a new job, or registering at a new doctor's surgery require people to produce not only their passport but a selection of any number of other documents to prove their identity—utility bills, driving licence, payslips, birth certificates, six months' worth of bank statements, all carried around by people in an attempt to prove that they are who they say they are. Many people would much rather produce their biometric passport or a credit card-sized ID card that fits easily into a wallet than waste time trawling through their personal paperwork, and many are likely to choose the £30 identity card over the £72 passport.

It is wrong to suggest that identity cards will make it possible for the Government or other bodies to repress or restrict liberty in any way. The Leader of the Opposition recently used an argument as spurious as his cod German accent when suggesting that it would. As is set out in law by the Identity Cards Act 2006, it will never be a requirement to carry an identity card at all times, and the police will have no new powers to stop people and demand that they produce their papers.

Private organisations will be able to access any information held about an individual on the national identity register only with that individual's consent. Police and security services would be able to do so only under specific provisions approved by Parliament. There is no question of the national identity register being used to compile information about people's political or religious beliefs, or their criminal or financial records. It will hold only the most basic, personal details, and substantially less than the personal records held by the NHS, the DVLA, or the Department for Work and Pensions. Everyone will have the right to see the information held on their record, and the names of any organisations that may have checked their identity against that record.

[Alan Johnson]

I point out again that the Opposition parties support the introduction of biometric passports, which will necessitate a register and will be available from 2011. They support our policy of compelling foreign nationals from non-EEA countries to have an identity card. Apparently, they do not think that the arguments of necessity, cost and civil liberties apply in the areas where, as I have explained, the majority of the costs are incurred.

Martin Linton: On that point, can my right hon. Friend see a difference between the official Opposition's policy on biometric passports and the data that would need to be kept on those, and their view on the subject of identity cards? From what my right hon. Friend has just said, it seems that there would be no difference between the information on the credit card-sized identity card and that on the biometric passports, which the Opposition support.

Alan Johnson: It is a puzzle why Opposition Members support not just the passport but the necessary register of information. There seem to be some differences between the right hon. Member for Haltemprice and Howden (David Davis), who has now left his seat, and the hon. Member for Epsom and Ewell. There is certainly a difference between the two Opposition Front-Bench teams. I respect the fact that the hon. Member for Eastleigh (Chris Huhne) has been consistent, but the official Opposition accept the need for biometric passports, and therefore must surely accept the need for a register of who has those biometric passports. They argue that, having established a system to lock in a person's identity in that way, we should not give our citizens the option of a card rather than a passport. That is the argument. Our argument is very clear: people do not need to have an identity card if they wish to use their biometric passport as their form of identity. Her Majesty's official Opposition say, "No, no. If they want to take a more convenient route and have a card, they shouldn't be allowed to do it."

Rob Marris: On the question of having a card instead of a passport, and the figures that my right hon. Friend has given to the House tonight, I would say that if the scheme is to be self-financing at £30 a shot for an identity card, 35 million of them will have to be taken up in the next 10 years. Does he think that that is going to happen?

Alan Johnson: My hon. Friend, unusually, has made a bit of spurious calculation; usually we leave that to the Opposition Front Benchers. The simple fact is that 70 per cent. of the costs are for the biometric passport, which all parts of the House support. A further £349 million of the cost—

Rob Marris: A further £379 million.

Alan Johnson: A further £379 million of the cost is for the compulsory identity card for foreign nationals, so I cannot see any way in which my hon. Friend's figures add up.

Rob Marris *rose—*

Chris Huhne: The Home Secretary should give way to the hon. Gentleman.

Alan Johnson: I would prefer not to, just for the last few minutes of the debate, because my hon. Friend is a great supporter of the scheme and will want to discuss the issue in detail with me afterwards.

Chris Grayling: Will the Home Secretary give way?

Alan Johnson: No.

Any sensible pragmatic Government would take advantage of the passport scheme to introduce a more convenient, voluntary alternative—a convenient piece of plastic to match all the others that people carry, rather than a valuable booklet. As I announced last week, I shall accelerate the roll-out of identity cards so that as many people as possible are able to access their benefits. Beginning in the Greater Manchester area, we will quickly move to the rest of the north-west and roll out the measure throughout London. There will be a focus on the most vulnerable in our society: those who not only do not hold passports, but do not have bank accounts or credit cards either—the socially and financially excluded.

But identity cards will not be compulsory for British citizens, and as I announced this week, that includes airside workers. After listening to unions and others in the airline industry, I believe that under a voluntary scheme, we can better explore how ID cards might simplify and make more secure the current arrangements at different airports for airside staff to verify their identity. My view is that, given the practical benefits, take-up will be high.

There is not one convincing argument for scrapping identity cards. It would not save money; it would, in the long term, cost us more, hamper the efforts of the public, the police and the security services to tackle identity fraud—which not only costs the economy £1.2 billion every year and causes considerable personal distress to those affected, but is the bedrock of much serious and organised crime in this country—and weaken, not strengthen, the defence of civil liberties. To scrap the scheme now, as the motion demands, would be an extremely expensive mistake that would deny the British people the practical and pragmatic step that they voted for in 2005 and have supported ever since. That is why I commend the amendment to the House.

8.13 pm

Chris Huhne (Eastleigh) (LD): I welcome the Opposition's motion on identity cards and have only one key point to make: the ID card scheme is not just about the cards, but about the national identity register. That is why we tabled an amendment, which is on the Order Paper but was not, unfortunately, selected, calling explicitly for the abandonment not just of ID cards but of the centralised biometric register.

I shall deal with the Home Secretary's point about the need for the register, because I simply do not see it. I was even more astonished after hearing his replies about costs than I was at the beginning of the debate. The hon. Member for Wolverhampton, South-West (Rob Marris) calculates that 35 million people would need to apply voluntarily for ID cards to make the scheme self-financing. A back-of-the-envelope calculation reveals that the figure is certainly about 30 million or 35 million.

The House should duly note, however, that we face the gravest crisis in the national finances that anyone can remember for generations, that we have a public

sector deficit of more than 14 per cent. of GDP, and that the Home Secretary is unable—completely unable—to tell us how many people have to sign up for his voluntary scheme to make it self-financing. I hope that he has not had his first meeting with the Treasury, because when he does he will be completely shredded by it.

Rob Marris: I apologise to the hon. Gentleman. I have re-done the figures on my calculator and they come to 36.67 million. That is based on 70 per cent. of £4.9 billion, which is £3.43 billion, the foreign national stuff and the division of the resultant figure by £30, which comes to about 36 million. I may be wrong by a million or two, but it is a very big number.

Chris Huhne: I entirely agree with the hon. Gentleman, with whom I had the pleasure of serving on a Finance Bill Committee a number of years ago. I can certainly testify that his figures on the issue are a good deal more credible than those that we have been offered by Treasury Ministers. I find it absolutely astonishing that the Home Secretary has come to the House today to defend a project that amounts to a menu without prices. We are being asked to buy a pig in a poke, and we have no idea of the ultimate cost. The changes that he has announced have serious cost implications, yet he has no estimate to give the House.

Mr. Weir: The figures from the hon. Member for Wolverhampton, South-West (Rob Marris) are based on the Government's cost of £4.9 billion. Alternative figures from the London School of Economics have put the cost as high as £10 billion to £19 billion, and, on those figures, more than the entire population would have to have identity cards before the scheme broke even.

Chris Huhne: I am grateful to the hon. Gentleman for pointing that out, and I simply return to the point that I was trying to make. When I was shadow Chief Secretary to the Treasury, I looked at Government IT schemes and found that more than four in five such schemes right across the government had exceeded their original budget. If the Home Secretary believes that he is going to stay within his budget, he is living in cloud cuckoo land.

The Home Office has already pushed a substantial part of the scheme's cost beyond the planning period, so we do not really know whether the cost that the Home Secretary has mentioned is the full cost or merely the cost as currently shown in the planning period. I notice that nobody from the Treasury Bench is attempting to clarify that point, but I should be pleased if they did.

Chris Grayling: They do not know.

Chris Huhne: I agree.

The Government have rightly climbed down on applying for cards, and airside workers will no longer be forced to have them. Indeed, no British national with a vote in the forthcoming general election will need to have an ID card, and that perhaps tells us just how popular the Government really think this laminated poll tax is going to be. But that is only part of the argument. If people want to travel, they will need a passport and their biometric data will be entered onto the national identity register. They will be subject to penalties of up to £1,000 in fines if they do not keep the register up to date, for example, with address changes.

The Government have merely devised a new route by which they will collect the data of four in five of the population who have a passport: have passport, will travel, will be registered on the identity database. If that is choice and if that is voluntary, it is the same choice that the taxman gives the taxpayer. The Treasury says, "Pay taxes or go to jail." The Home Office says, "Join the national identity register or give up foreign holidays."

Rob Marris: It is a green measure.

Chris Huhne: Quite.

The database fundamentally reverses the relationship between the individual and the state. The Government helpfully tell us that identity cards will make asserting our own identities more convenient and affordable, without addressing the fundamental question of why we should be required to do so and why they seek to establish a national identity database in the first place. During questions today, the Home Secretary was asked about the point of biometric data if they were not on the database, and on that issue we have an important point of difference with the hon. Member for Epsom and Ewell (Chris Grayling). The answer is easy: biometrics enable the authorities to check that the holder of a passport—or, indeed, a card—is who they say they are. Biometric data such as fingerprints are much less easy to forge and equipment enables them to be checked; we do not need to put the data back on a database to make them useful. A central database is another logical step—a disproportionate one, in our view—in achieving higher security against identity fraud.

Dr. Palmer: I am pleased that the hon. Gentleman accepts that fingerprints would be a good way of verifying the identity of a passport holder. As I understand it, his party would abolish the holding of such data on a database. How would he prevent people from applying for multiple identities?

Chris Huhne: The hon. Gentleman anticipates my next comment. The database would provide a check against the issue of duplicate passports or ID cards with the same biometric data. However, the Government have not provided any evidence that there would be a substantial problem. Nothing in what the Home Office has proposed indicates that it would be worth paying £5 billion for that benefit—let alone the £20 billion that the LSE estimates the project will ultimately cost us.

Other states do not think that there would be a substantial problem. Those lucky European states that we inoculated after the war against nanny state intrusion, such as Germany—not Sweden, I should say to the hon. Member for Battersea (Martin Linton)—do not allow such centralised databases, and for very good reason. They know how databases can be abused; they suffered from them during the Nazi period and under Vichy France. That is why we should not begin to go down this route.

Martin Linton: I ask the hon. Gentleman, in a genuine spirit of mystification, whether he is suggesting that the Passport and Records Agency should issue passports, but not keep a record of the people to whom it has issued them. If he is suggesting that it should keep such

[Martin Linton]

a record, what would be the difference between that and the national identity register, other than the fact that there would be a duty—as there already is for those with driving licences—to update the information when a person changes address?

Chris Huhne: The key point about the national identity register is the access that other agencies will eventually have to it. That is why the database becomes a tool that is much more than just a static record of people who have applied for a passport. Clearly, it is normal for a person's name, date of birth and so forth to be recorded. But we do not need to centralise the collection of biometric data on that record, because the next time the person applies for a passport their fingerprints will be the same and they will be able to be checked. Why is it necessary to have them on the database merely to issue the passport?

The truth is that national identity cards and the national identity register are a technological solution in search of a problem. When will Home Office officials and Ministers learn that just because we can do something does not mean that we should? The concept is not difficult to grasp. We might be able to clone humans, but we have rightly decided that we should not; we can run an Orwellian database, but we do not have to do so. George Orwell wrote "Nineteen Eighty-Four" as a warning, not as a blueprint. Ministers should read it again and not park their democratic values when they do so.

Martin Linton: I have heard some more well-turned phrases, but I still do not understand the distinction that the hon. Gentleman is making. He seems to support a database of people who have biometric passports. He is not against biometric passports, fingerprints or the recording of facial images—he just does not want to call the database of people with biometric passports a "national identity register". The only real difference is that it is now to be called that. The police and the security services already have access to Passport and Records Agency information—

Mr. Deputy Speaker (Sir Michael Lord): Order. That was a very long intervention. Front Benchers have not been quite as bad in this debate as they were during the previous one, but I should say that time is running out and a large number of Back Benchers are seeking to catch my eye. Interventions are part of debate, but they take time out of it.

Chris Huhne: The hon. Member for Battersea is much more intelligent than he is letting on. The key problem is the document. Does the document attest that the person standing in front of the passport official is who they say they are? If it is to do so, we need a record of the person's biometric data in the document, but we do not need the same record back at the UK Border Agency. That logical step is entirely different, because it enables other agencies to begin to abuse the situation.

I am sorry that the right hon. Member for Haltemprice and Howden (David Davis) is no longer here. He said that 25 million items of data were lost, but the number was 28 million—in the one year of 2007. There were a further 17 million items of lost data in 2008. Do I trust even someone as competent and charming as the Home Secretary to keep my personal data safe? No, I do not—and the Government's whole record suggests that I should not.

The slipperiness of ministerial justifications for the scheme is extraordinary. When the ID card scheme was launched, the cards were heralded as the solution to the problem of terrorism. It might not have been in the manifesto, but in 2007 the Prime Minister stated that they formed the backbone of any anti-terror policy. That was always nonsense, and was demonstrated as such not least when every one of the Madrid bombers was found to have a legitimate Spanish ID card.

The current Home Secretary seems to be singing from a different hymn sheet. He says that ID cards are no longer integral to the fight against terrorism, but that they are necessary to protect us all against identity fraud. I can see the argument that it is useful to take biometric data when issuing a new passport so that the new document contains those data. However, I say again to the hon. Member for Battersea that I do not accept that a centralised database is necessary.

The advocates of ID cards, including those on the Benches of the official Opposition, said that the cards would be of use to the police in fighting crime, but that does not bear a moment's examination. If it remains voluntary to carry ID cards—as the Government, to give them credit, have always said it would be—ID cards essentially become akin to a driver's licence. If a person does not have it on them when challenged by the police, they are asked to produce it in short order at a police station. If the person involved is a gangster on their way to the costa del crime, I doubt whether they would bother to turn up later to produce their ID card. Very few countries make carrying an ID card compulsory, precisely because it is so draconian to lock up forgetful students, disorganised journalists or amnesiac grannies. *[Interruption.]* Yes, I was speaking very much for myself.

Another argument is that ID cards and the database will somehow prevent illegal working or illegal immigration, but employers in sectors with known high levels of illegal working are already required to check identification and eligibility documents for foreign workers. The problem is not the fiddling of identity, but that the UK Border Agency does far too few checks and does not prosecute enough of those illegal employers. Only 114 employers have been prosecuted for employing illegal workers since 1997, yet that is the main way of enforcing immigration control in a country with 7,723 miles of coastline and 192 million air travellers coming in and out every year.

Keith Vaz: One of the problems is that the UK Border Agency has been targeting the wrong employers and the wrong people. It turns up with great drama at a factory or other enterprise, gets all the workers together, and ultimately finds out that none of the people is here illegally.

Chris Huhne: I am grateful to the Chairman of the Home Affairs Committee for that observation, which reinforces the point I am trying to make—that ID cards are a sideshow set against the lamentable failure to investigate and prosecute firms that hire illegal workers.

Liberal Democrats believe that the register would be a terrible mistake. People need not just take our word for it. A recent report for the Joseph Rowntree Reform

Trust, "Database State", gave the national identity register a "red" rating, meaning that the database

"was almost certainly illegal under human rights or data protection law and should be scrapped or substantially redesigned".

If anyone has an unnerving sense of déjà vu, it is probably because we have heard this all before. The Government's national DNA database was also given a "red" rating in the report, along with eight others: that makes 10 Government databases that are barely legal, let alone reasonable or effective. Yet the Government continue to fiddle around the edges instead of curbing this illiberal and illegal obsession with databases.

I have mentioned our concerns about criminal and civil offences relating to the national identity register in the Identity Cards Act 2006. It is worth reminding the House of those offences and their penalties, so let me spell them out: a penalty of up to 10 years in prison for tampering with the register; a civil penalty of £2,500 for failing in the duty to register on the database when required to do so under the Act; and a penalty of £1,000 for failing to inform the register of a change in personal details of those held on it, such as an address. The practical application of these penalties is likely to be that the innocent student will be pursued and fined for failing to update their address every time they move house, while would-be terrorists will happily keep police informed of their name and address. The most dangerous terrorists are so-called "clean skins" with no criminal record or contact with the security services. They have no problem declaring their identity because what they really want to hide are their intentions.

Would those penalties and civil liberty infringements be tolerable for the sake of increased identity security? I would argue not, given that the Government have never provided figures on the suspected duplication of identity documents. The total estimated cost of identity theft to the UK economy is falling. In 2002, the annual cost to the economy was £1.3 billion, whereas the most recent estimate conducted by the then official identity fraud steering committee in October 2008 put the figure at £1.2 billion: a substantial fall in real terms over a six-year period. In fact, a centralised database may attract identity fraudsters.

Martin Linton: For the illumination of the House, will the hon. Gentleman add the estimated industry figure for the amount that the ID card would save in terms of ID fraud?

Chris Huhne: I do not know which industry figure the hon. Gentleman is citing, but I am happy if he wants to intervene to give its source.

A centralised database will not lead to these potential gains; indeed, it may well attract identity fraudsters. The Government believe that they can create an un-forgeable database using advanced technology, but history tells us that that is completely misguided. The Pentagon thought it was hacker-proof until it came across Gary McKinnon, who proved otherwise. Technology moves at a frighteningly fast pace. Even if something were un-forgeable today, it almost certainly would not be in six months' or a couple of years' time.

Martin Linton: The industry estimates published by the Home Office a couple of years ago were £1.1 billion for the total quantified financial benefits, including the impact on ID fraud, with the impact on ID fraud itself being £570 million. Has the hon. Gentleman seen those figures?

Chris Huhne: I certainly have, and I have taken into account their source. Could it be the same source that predicted that we would have little more than 50,000 immigrants from central and eastern Europe, and then the figure ended up at 750,000? The source that the hon. Gentleman is quoting is responsible for the worst Government forecast on record; if he is happy with its authority, all I can say is heaven help us.

I fear that the Government may try to deprive us of access to public services unless we sign up to ID cards. The cards may not be mandatory in legislation, but they may increasingly be required to access possibly every type of public service, including health care, education, leisure facilities and public transport—the list is potentially endless. In the Government report entitled "Safeguarding Identity" published last month, officials state that the ability to provide high-quality public services efficiently

"is dependent on our ability to know who everyone is, wherever and whenever they need a service".

I do not understand why biometric information needs to be stored on a national centralised database in order for me to tell a doctor or a nurse who I am. On a practical level, making ordinary life dependent on the reliability of a complex administrative system makes the inevitable myriad small errors potentially catastrophic.

At every level and every turn, the entire national identity register scheme, including ID cards, is flawed. It will not prevent terrorism, illegal working or crime, and it will not protect us against identity fraud—it might even make the problem more difficult to disentangle. Why are we doing it? I am forced to conclude that Ministers have no real grasp of why they want ID cards and the database, other than that it can be done.

Dr. Palmer *rose—*

Chris Huhne: I am winding up now, and you have quite rightly told Front Benchers to keep it short, Mr. Deputy Speaker, so I shall no longer give way.

The Liberal Democrats have consistently opposed the introduction of ID cards for everyone, regardless of nationality. We would scrap the entire national identity scheme immediately and spend the money on putting more police on the street. The people of this country and our visitors should not have to justify themselves or their identity to the state when going about their lawful daily business. We should not have all our most personal data stored on a central database. This insidious scheme is based on a fundamental flaw in ideology—the idea that we are servants of the state. We reject that view. The state is the servant of the citizen and must not be allowed to get above itself.

Although we would like the motion to be crystal clear about the issue of the database, I was reassured by what the hon. Member for Epsom and Ewell said, so for the reasons I have given we shall vote in favour of it.

8.36 pm

Keith Vaz (Leicester, East) (Lab): It is always a pleasure to follow the hon. Member for Eastleigh (Chris Huhne). I will probably have to continue to do so as Chairman of the Select Committee on Home Affairs.

[Keith Vaz]

It is a pleasure to participate in this debate. In fact, this is the first time that I have been able to participate in a debate on ID cards since I became Chairman almost two and a half years ago, which shows that the House has not had the opportunity to discuss the matter in great detail since the Government decided to pursue the policy. I therefore welcome the fact that the Opposition have chosen to have a debate on the subject and that we are able to discuss it so soon after the new Home Secretary has taken over and made his first statement on the matter.

I will obviously be brief, because we are on a time limit and I know that a lot of right hon. and hon. Members wish to participate. I am not at the moment absolutely convinced that the Government have got it wrong, but I am working my way to that position. That is partly because there have been so many changes to the original policy enunciated by the Government, so many reviews and changing nuances, that I wonder whether they are as committed to the concept of ID cards as they were when they introduced the original Bill and had the support of so many Members of all parties.

The problem that I have is that when I look at the reasons why the cards were originally introduced—one has only to look at the Home Office website to see the six key reasons—I wonder whether the practical implication of them meets the Government's criteria. The website says that they are intended to

"help protect people from identity fraud and theft...ensure that people are who they say they are...tackle illegal working and immigration abuse...disrupt the use of false and multiple identities by criminals and those involved in terrorist activity...ensure free public services are only used by those entitled to them",

and finally

"enable easier access to public services".

The history of ID cards has proceeded since the Government introduced the concept. I am most grateful to my hon. Friend the Member for Broxtowe (Dr. Palmer) for reminding the House that the introduction of the cards had broad support throughout the House. Some Opposition Members even voted enthusiastically for the concept, which I did not know until he raised it today. Indeed, my hon. Friend the Member for Battersea (Martin Linton) clearly spends most evenings poring over the Division lists to ascertain how we all voted. I am nervous about how I vote now in case, in five or six years, my hon. Friend points out that I voted a particular way. However, my hon. Friends have helped identify the broad agreement in the House about the need to do something. Whether introducing identity cards is what we must do is another matter.

The Home Secretary is perfectly entitled, as a new Home Secretary, to examine a policy and consider whether he wishes to continue with it, even though it is in the manifesto and a measure on it has passed through the House. If a Government believe that a policy that they are pursuing is wrong or that its practical implications go against what they perceive to be right for the country, no Member would hold that against them.

For example, we last participated in such a debate when we discussed the Gurkhas. I agreed with everything that the hon. Member for Eastleigh said then against the Government's views, and Parliament decided that the Government were wrong. The Minister for Borders and Immigration is in his place after his day trip to Calais—to do important business, I am sure. The Government entrusted dealing with the aftermath of the Gurkha vote to him, and he devised a good solution to the problem: to accept Parliament's will and grant the Gurkhas the right to remain in the country. It is therefore possible for Parliament to deliberate in such debates—the Gurkha debate was on a Liberal Democrat Opposition day motion—and convince the Government that they are wrong.

David Taylor (North-West Leicestershire) (Lab/Co-op): My right hon. Friend and I are both admirers of the new Home Secretary, but was it not a tad misleading of him to suggest last week that he had decided that identity cards would be voluntary from now on, when the Identity Cards Act 2006 already makes them a voluntary tool, and altering that status would require primary legislation? The announcement was bigged up, as they say nowadays.

Keith Vaz: My hon. Friend puts that well. I cannot answer for the Home Secretary, but I am sure that the Minister for Borders and Immigration heard what my hon. Friend said and will comment on it later.

I am worried that we will have a position whereby different people hold different sorts of identity document. Foreign nationals resident in this country will have to have an identity card; they are obliged to have them. Others, in the north of England, starting in Manchester—even though only 3,500 people said that they wanted an identity card—and now in other northern parts of the country, will be entitled to apply for identity cards. However, people in the rest of the country, if they choose not to do so, will not have such a card. As my hon. Friend the Member for North-West Leicestershire (David Taylor) pointed out, having an identity card will become compulsory only when a certain percentage of the population has opted for one. Before that happens, primary legislation is required in order to be in a position to make them compulsory. That is the first practical problem.

Although one takes an intellectual position about whether one supports the concept of identity cards, the practical implications, especially given the Home Secretary's actions last week, mean that some residents in this country will have identity cards and others will not, and some citizens will have voluntary cards because they happen to live in Manchester or Newcastle, while others, for example in Leicester, will not. We therefore have not a fudge, but a bit of a shambles.

Mr. David Drew (Stroud) (Lab/Co-op): Could the problem not be overcome simply by giving every adult in the country a biometric passport? All the other arguments would then disappear. That is the simple answer; I do not know why the Government do not get on with it.

Keith Vaz: That is, indeed, a simple answer. We have paid for the infrastructure and technology to ensure that that happens, but I am not sure that my hon. Friend's solution deals with those who do not want to travel and therefore do not apply for a passport. I do not know what the figures are—I am sure that my hon.

Friend the Member for Battersea would give them to us if he were here. However, there are simpler methods of dealing with the matter.

My second point is about cost. I was present when the former Home Secretary challenged the Opposition spokesman about cost, but I am not sure what the cost is. We have been given the figure of £4,785 million and told that cards for foreign nationals would cost £326 million, but perhaps the Minister can confirm those figures when he replies to this debate. I have also heard anecdotally that one of the reasons why the scheme cannot be scrapped is that the contracts have been signed. With the contracts signed, it is not possible to renege on them, because the Government are bound by them. *[Interruption.]* I welcome back the Under-Secretary of State for the Home Department, the hon. Member for Hackney, South and Shoreditch (Meg Hillier), the Minister for identity, even if briefly for today.

If those contracts are signed, what would be the cost of cancelling them? Would it be more than the cost of doing what the hon. Member for Eastleigh has suggested it would be better to do, which for policing would mean putting the money into front-line services? As we all know, budgets are not overflowing with money. There will be a debate over the next 12 months about the possibility of police forces throughout the country wanting to cut the number of front-line officers because—they claim—of the money that the Government have given them over the past year and a bit. We need to know a figure for the total cost and it is extremely important that we have it as quickly as possible.

The House will know that the Home Secretary has agreed to give evidence to our Committee next week. A large portion of our questioning will focus on ID cards, because we are concerned to know precisely where the Government stand. We will want to know facts and figures from the Government, particularly how much the scheme will cost and how much it would cost if the Government decided not to proceed with it.

We have heard in interventions by Opposition Members that the Opposition have written to the suppliers and made it clear that, should the Conservative party win the next election, it will not proceed with the ID card scheme. I am not sure whether, should the Opposition win a general election, they would be in a position to cancel a contract that the Government had signed. If such a contract were binding on this Government, I assume that it would be binding on a future Government too. If that is the case, we have a right to know whether what the Opposition have said will make any difference.

My penultimate point concerns the security of the database. We have had assurances from this Home Secretary, as well as from the previous Home Secretary and others, that the database is secure. I will not make the point that other hon. Members have made about the security of databases at the moment—I know that the Minister for identity also has responsibility for databases—but the fact remains that we have a security problem. It is a good job that we have not had many losses this year compared with the end of last year, but once we have the information proposed, we will have the mother of all databases. Therefore, we will need to be absolutely secure in the knowledge that that information will not leak out or be lost or sent anywhere in error. I am sure that the Government will try to reassure us on that point.

My final point is about the third category on the Home Office website, which says that ID cards will

"tackle illegal working and immigration abuse".

It is therefore good that the Minister for Borders and Immigration is answering this debate. That problem will not be solved by ID cards. The Mayor of London estimates from reports that he has commissioned that the number of illegal immigrants in London alone is probably 861,000. The Minister has been very honest, fair and open with our Committee: he has never put a figure on the amount, because he once did that about another matter and we kept hounding him over it. Very cleverly, therefore, he will not give us a figure this time, but the fact is that there are a lot of illegal immigrants. I do not believe that they will go to Manchester or Newcastle, now that the scheme is being extended there, and apply for a voluntary identity card.

Unless we secure our borders, we will get a lot of illegal people in this country. At the moment—subject to any announcement that the Minister responsible for immigration has made in Calais today about securing our borders even further; I know that that is one of the great templates of his mission—those people are already in the country, whether they are in the bogus colleges that we have heard about in our inquiries, coming in on the backs of lorries, or whatever. There are probably hundreds of thousands of illegal people already in the country, and I do not think that the scheme will deal with that problem.

I am still with the Government on this issue, but less enthusiastically so than I was 12 months ago. They will need to keep making their arguments very clearly on this point, and they will need to put facts and figures before the House if they are going to convince me and other right hon. and hon. Members to continue to support them in the Division Lobby on this and future occasions.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. In order to try to get everyone into the debate, I am going to put a 10-minute limit on Back-Bench speeches after the next speech.

8.50 pm

Mr. Stephen Dorrell (Charnwood) (Con): I listened with considerable care and interest to what the right hon. Member for Leicester, East (Keith Vaz) had to say on this subject. I thought that I was going to agree with virtually everything he said until he concluded that he was with the Government, although he might be about to peel off. I am not with the Government on this issue, but I absolutely share the right hon. Gentleman's sense that this is a policy in search of a problem. Every time I hear Ministers explaining why it should be supported, I sense that the problem that it was intended to solve has changed since the previous time I heard them justifying it.

I have always taken a reasonably relaxed view of this policy. I have not objected to it in principle from the beginning, based on civil libertarian propositions. There are clearly civil liberties issues at stake in relation to identity cards, and particularly in relation to the national identity register, but I was, and still am, prepared to concede in principle that arguments could be made to justify introducing such measures that would outweigh the civil liberties issues involved.

[Mr. Stephen Dorrell]

However, as the arguments have been made, I have become less and less convinced by the merits claimed for ID cards and the register, and more and more concerned, partly about the cost implications—I will come back to that—but mostly about what we are learning about the culture of the Government and their attitudes towards the civil liberties involved. They have not been consistent in their development of the arguments for the merits claimed for the policy, and they have demonstrated a cavalier attitude towards the civil liberties issues that leaves me very worried about the weight attached to those issues in the mind of the Government in assessing the balance of the benefits.

Let us begin with the specific benefits that have been claimed for the policy during the time that the Government have been advocating it. It was introduced by the former Prime Minister, and it has been followed up by the present one. It was said to be the key element in the Government's fight against terrorism and benefit fraud, and in the enforcement of proper immigration controls. All those claims have been made for the introduction of ID cards, but as each claim has been made and challenged, the argument has moved on. We have not heard any justification of the claim that the policy will deliver significant benefits in terms of counter-terrorism or benefit fraud, or in terms of other, broader aspects of law enforcement.

The point of my earlier question to the Home Secretary was that I would like to hear a Minister talk me through the logic of having a voluntary system of law enforcement that will provide a vigorous means of enforcing laws that we cannot currently enforce to the standard that we would wish. If it is voluntary, I do not see how it can become the cutting edge of law enforcement. I have never heard that flaw in the logic explained.

The claims that have been made for the ID card have made anyone interested in public policy sit up—they have also been directed at voters and designed to make them sit up—but those claims have never been substantiated. What we then need to do is to look at the costs in the cost-benefit balance that are undoubtedly involved in the development of this policy, costs both literal and metaphorical.

First, as to the costs literal, it is unclear from the figures bandied about by the Government, by the Opposition Front Benchers and by various interested IT experts exactly how many thousands of millions of pounds this scheme is going to cost. But even if we take the Home Secretary's most modest interpretation, we are talking about £1,000 million, which is going to be recovered at £30 a head from people buying voluntary ID cards. In his days as the Health Secretary—I speak as a former Health Secretary—I suspect that the current Home Secretary could have found quite a lot of attractive uses for £1,000 million beyond giving people a piece of plastic that will allow them to identify themselves as aged over 18 when they go into a bar. This seems to me to be an essentially frivolous use of a significant level of resource as we go into a recession—and this, as I said, is to take the Home Secretary on his own terms.

The reality is that almost all independent parties think that the scheme will cost significantly more than the Home Secretary acknowledges, and whether it is a charge made on ID card users or on passport users or paid by taxpayers, it is unarguably a cost that is not currently borne by the economy but which the Government intend the economy to bear in the years ahead at a time when fewer resources will be available. The Government's decision to impose those costs on the economy will necessarily squeeze out other expenditure that seems to me to have higher benefits attached—or, of course, deny the possibility of reducing the tax burden in order to promote the more efficient development of economic activity in Britain. The Government have made no convincing benefit claims for this policy and have not seriously addressed the pounds cost that they are imposing on the British economy.

That brings me to my next point, which I believe is the strongest argument against the policy that the Government are pursuing because it tells us about the culture in Government in terms of the importance that they attach to the privacy of the citizen and the maintenance of citizens' defences against the developing power of the state. The power of the state is enhanced, of course, by the power of modern information technology.

I believe that among the responsibilities of those elected to this place is our responsibility to seek to insist that the Government should account for increases in the power they wield over the private citizen. We, as Members of Parliament, should be jealous of the privacy of the people who send us here, and we should be concerned to restrain the ambitions of Government to invade the privacy of the people who send us here. What concerns me most about the policy is that it demonstrates that the Government do not observe those same instincts. The national identity register is already subject to inadequate control. What information are we going to be obliged to contribute to this register? The answer is that it is defined by secondary legislation and we are already hearing that extension of the scope of such information is anticipated.

David Taylor: The right hon. Gentleman is making a fair case in saying that a large, centralised register of this kind is innately vulnerable to unauthorised access. Over the weekend, his party announced that a future Conservative Government would flog off health data to Yahoo and Google. Does he support that policy? Does he fear that such a system would be less secure than a centralised system operated by the present Government, or does he believe that it would be more secure?

Mr. Dorrell: I would apply the same strictures to information held by all parts of the public sector, such as the national health service and the education service. I do not share the hon. Gentleman's innate suspicion of private as against public. Indeed, I suspect that recent experience suggests that the public sector has been a less effective guardian of the privacy of the individual than the private sector.

The key point, surely—I suspect that the hon. Gentleman and I can agree on this—is that information should not be held on databases unless there is a serious reason for it to be held there, and unless there are serious safeguards in relation to what information is collected, the way in which it is held, and the people to whom it is made available. What worries me about this whole policy area is that the Government have been too free and easy, that the burden of proof has been too easily discharged over the development of the database and the extension

of the uses to which it can be put, and that, when we analyse the supposed benefits of a serious increase in the scale of information available for manipulation in the totally technical sense of the word—information available for use by the Government—the Government's policy has not been given sufficient weight in the cost-benefit analysis.

I believe that the Government's approach to this policy has been fundamentally frivolous. It has been policy by press release, not policy driven by a desire to deliver hard results. What we have learned about this Government as the policy has evolved is that they do not possess the instinctive understanding that I believe a British Government ought to have of the importance of the privacy of the private citizen. That is why I will support my right hon. and hon. Friends in the Lobby tonight.

9.2 pm

Dr. Nick Palmer (Broxtowe) (Lab): I put my name down to speak in the debate partly because, as mentioned earlier, I proposed the introduction of identity cards before it became fashionable on the Labour Benches. I benefited from the support not only of the hon. Member for Epsom and Ewell (Chris Grayling) but from that of the Liberal Democrat spokesman, the hon. Member for Winchester (Mr. Oaten) and that of the distinguished hon. Member for North Norfolk (Norman Lamb). When the hon. Member for Eastleigh (Chris Huhne) said that the Liberal Democrats had consistently opposed the policy, he was forgetting the record of his colleagues and his predecessor. However, I was not totally on message when I presented my Bill, and I will not be totally on message tonight either, because I think that there is a case for delaying the implementation of the card aspects of the scheme. I shall say more about that shortly.

One of the striking features of public opinion over the years is how stably it has remained in favour of this project, despite almost universal media opposition to it. Barely a single newspaper is prepared to put in a good word for the identity card scheme; the reason why support remains quite strong—significantly stronger than support for any of the three major parties, I would say—is that people feel, intuitively, that it makes sense.

I think that people should ask themselves two basic questions before deciding whether, in principle, they favour an identity scheme. First, they should ask how often they actually wish to pretend to be someone else. Secondly, they should ask how concerned they would be if someone pretended to be them. Most people would reply "I never want to pretend to be someone else, and I would be concerned if someone pretended to be me." On the basis of intuition, it is still widely accepted that it is a good idea to have a way of verifying the basic claim that people are who they claim to be. We are one of the very few countries in the world where establishing someone's identity consists in part of their producing a gas bill. There is a lot to be said for a verifiable approach.

Paul Holmes (Chesterfield) (LD): Does the hon. Gentleman not agree that the public were in favour of ID cards when they thought they would solve terrorism, crime and illegal immigration, but as they are now realising that they will not do that, and also that they will have to pay for them, their satisfaction ratings are falling?

Dr. Palmer: As the debate has progressed, the satisfaction rate has not remained as high as it was, but it is still surprisingly high; it is about 50 or 55 per cent. depending on exactly how the question is put. I agree that there are concerns about aspects of the scheme, but I think the public are basically sold on the concept that it is a good idea to be able to identify people.

It is important to distinguish between the cards and the database, however, but we have not yet fully addressed that point. They are two completely separate issues. The hon. Member for Eastleigh touched on the matter, but I wish to explore it a little further, because in this context the difference between the Conservative motion and the Liberal Democrat amendment is particularly striking. The database is, and always has been, primarily for the purpose of law enforcement and official verification; that is what it is for. There might be doubt about the identity of someone who is under criminal or terrorist investigation or who is suspected of being an illegal immigrant, and it might also be necessary for an emergency identification to be made if, for example, someone is unconscious after an accident; for all those purposes, it is perfectly reasonable to propose that it would be good for the authorities to be able to check who people actually are.

On the other hand, the cards have always been primarily a tool for consumers. Several Members have asked, "Why would we have voluntary cards for crime prevention?" The answer is, "We wouldn't". Crime prevention is addressed by the database; the purpose of the card is to enable people conveniently to identify themselves without having to produce a gas bill, for example, or a set of utility records or mortgage statements. I have lived in countries that have identity cards, and people generally find it convenient to have them as a consumer tool.

There are, however, objections to the scheme to which we should be prepared to listen; and, to be fair, we are starting to listen to them.

David Taylor: My hon. Friend is very knowledgeable about these issues from his previous life before entering this place. Would he not acknowledge, however, that he is perhaps being a little disingenuous in trying to distinguish between cards and the register? Let us say there are 30 million cards out there; because they have been produced by the system, they would, de facto, be a register, whether in name or practice.

Dr. Palmer: I am not absolutely sure that I have followed my hon. Friend's point. Is he saying that if we were to issue numerous cards, the record of those cards would in effect be a register?

David Taylor: Yes.

Dr. Palmer: Well, I am sure that is true, but my contention is that if we had the register without the cards, that would still fulfil the crime prevention aspect but it would not fulfil the consumer aspect.

The first thing to do, which we have got right, is to make it absolutely clear that the cards are not compulsory now and never will be. Several speakers have said that the Bill always stated that there would be the need for further primary legislation to make them compulsory,

[Dr. Palmer]

but we were ambiguous about whether that would happen. If they are intended to help the consumer, as I contend, the first step in building confidence in that objective is to make it clear that they are voluntary. If they are voluntary, the question of their being an imposition—something that restricts people's liberty—does not arise, because if someone does not want one, all they have to do is say, "No, I will not have it." The Government have taken an important step forward on that.

The next thing that we need to address is the audit trail, which has barely been mentioned this evening. One of the main objections of libertarians, including so many Liberal Democrat voters, even though the hon. Member for Eastleigh has not stressed this issue, relates to the audit trail, because they suggest that by keeping track of the number and type of organisations that have inquired about the identity of an individual, one can build up a picture of the kind of person that individual is and that that could be used against them to try to profile them as being a higher or lower risk. That genuine issue needs to be addressed, although I hope that such a situation would not arise.

The original reason why the audit trail was to be included was to protect people and give them the reassurance that they could see which organisations had been looking at their data. If we are serious about that and it really is the purpose of the audit trail, we should give the individual the power either to dispense with the audit trail or to edit it. By "edit", I mean that if the trail records that I had visited a particular bank on a particular date, I would be able to look up the record to verify that, ensure that no entries had been made that I did not authorise and then choose, if I so wished, to say that I wanted the record deleted, and all that would then be left would be a note saying that I had deleted a record on such and such a date. If we were to introduce such a power, we would go a long way towards reassuring people who are afraid that the database will, in some way, be used to profile them. If the purpose of the audit trail is to protect people, we should be willing to introduce such a power. We need to distinguish between the urgent and the merely desirable.

David Davis: The hon. Gentleman has been making a thoughtful speech. One of the things that I object to about the national identity register is its sheer comprehensiveness. As the hon. Member for North-West Leicestershire (David Taylor) pointed out, it is one thing to have a register that, in essence, includes simply one's identifiable aspects—one's name and address, and biometrics—but it is another thing entirely for it to contain the other 49 elements. Would the hon. Member for Broxtowe (Dr. Palmer) be willing to countenance having a register that contains only the identity mechanisms, and nothing else?

Dr. Palmer: I would certainly be willing to countenance that, because a mature dialogue can include that kind of consideration. However, the basic concept of the scheme seems to me to be an objective that is close to being supported by all three Front-Bench teams; the differences are less large than the public may suppose.

The Conservative policy is becoming clear. It is to have the database—not the card, but the database—under a different name. That is a hypocritical attempt to steal Liberal Democrat voters without addressing the real concerns of libertarians and liberal-minded people who worry about a biometric database. I favour the basic concept, but I think that there is real scope to address those concerns in the manner in which I have suggested. If doing that and dealing with the current financial crisis means that things take longer, we should be willing to accept that the card aspect of the scheme is not the highest priority for immediate introduction. If our taking longer allows us to get a scheme that has wider public support, we should be prepared to listen and to amend the scheme. What I do not favour is a populist motion such as the one before us tonight, which simply says, "Scrap the cards and then let's have a database by another name."

9.14 pm

Patrick Mercer (Newark) (Con): It is a pleasure to follow my neighbour, the hon. Member for Broxtowe (Dr. Palmer).

I wonder what the good folk of Manchester have done to have this wretched scheme visited on them. This whole argument bores me stiff, because I have been over-exposed to a policy and theory that should have been settled a long time ago. I have no doubt that Labour Members will point out my voting record, because I supported the proposals as a shadow Minister. At the time, we were broadly in support of the proposition. After the 2005 election, too, I sat through endless weeks of drivel, as the case was made time and again, in painful and needless detail, by which time we opposed the Government's proposals.

This issue bores me because the Government will not come clean about it. The reason I and others supported the measure originally was not because it was claimed to be a particularly powerful tool against terrorism. I can see that there may be advantages to the scheme provided that it works, that we can afford it, and that the cards cannot be forged. However, I cannot buy the argument that the card would ever be able to control, or even deter, terrorists. After the 2005 election the Government changed their position, and the prevention of terrorism became the principal argument for the card. I could not understand that, which is why I voted against the scheme the second time round.

I am sorry if I am ranting, but I am delighted that the Minister is in his place—I know from his record and his conduct that he will listen carefully to what I have to say. I am probably the only person in the Chamber tonight who has seen an identity card scheme—although that is a slight misnomer, as I shall explain—being put into practice to try to counter terrorism. We have already heard that identity cards were in place in this country during the second world war and for seven years afterwards. That is not the scheme that I mean; I was not around then, although I may look old enough. The scheme I mean was the introduction of a driving licence in Northern Ireland in the 1970s. It was never claimed to be an identity card or a tool to counter terrorism, but it was described to the security forces—I was a serving officer at the time—as a crucial tool against, principally, the Provisional IRA.

The driving licence had to be carried in Northern Ireland, and it was not like the simple piece of green paper that we carried in England, Scotland and Wales at the time. It was a more complex bit of kit. Initially it contained a photograph, and then it was further improved

to contain a thumbprint or fingerprint. For the first couple of tours I did in Northern Ireland, the card was not in being. As I recall, it was introduced in 1978, and by the time that I returned in 1979 we were told in pre-deployment training, "Gentlemen, this is the answer. The Provisionals in particular use vehicles in the day-to-day execution of their business. You will, as a result of this card, be able to clamp down on individuals. It is not easy to forge—you will be able to see forgeries—and you will be able to identify those who are opposing you." Let us not forget that this was long before databases and computerised intelligence work.

We bought this argument hook, line and sinker, but the fallacy of it was brought home to me at about two o'clock on a rain-sodden night on a hillside in South Armagh, when any sensible Christian man would have been tucked up in bed rather than cuddling a rifle on the side of the road. We eventually saw a pair of headlights approaching us through a blackthorn hedge, and I sent two soldiers down to stop the vehicle and find out what was going on. They flagged the vehicle down and about three minutes later they came chasing back through the driving rain and said, "Right sir, he's fine. He's absolutely fine." "How do you know he's fine?" "He had one of these new driving licences—he's got to be all right." Suddenly, from being a tool to counter terrorism this driving licence turned into a pass that, in the eyes of the simple soldiers whom I was looking after, meant that that particular bloke was all right. Well, he was not.

Let me go on to give another example. In January 2006, in a mess hall of the 101st Airborne Division in Iraq, just outside Baghdad, someone who was allegedly an Iraqi policeman came into the mess hall with a 100 lb device contained in webbing about his body and blew himself to pieces. He killed 17 American soldiers and injured about 35. When questioned afterwards about how this "alleged policeman" had got into the mess hall, the guard on the gate said, "Well, he had a pass on him." He had an identity card on him. In other words, in the examples that I have just given the Minister, these various cards—far from fighting terrorism—aided and abetted terrorism. The Minister might well challenge me on the Northern Ireland driving licence scheme, and we can discuss it if he has time, but that was certainly my experience.

I also found it quite extraordinary, during the endless iterations of Committees that I had to sit through, that the Government made it quite clear—or at least implied—that the scheme was not going to be voluntary at all. Yes, the inception would be voluntary, but enabling legislation was put in place that meant that, at the drop of a hat, identity cards and the concomitant costs could suddenly become compulsory.

There were also howlers that came with that legislation that made no sense whatsoever. For instance, if someone was not resident in the United Kingdom for a period of more than three months, they did not need an identity card. How could that possibly match up to the Government's claim that the cards would be an important tool against terrorists? Not all terrorists are home-grown. It is fascinating, for instance—as tomorrow is the anniversary of the bombings in 2005—that all four men involved in those bombings were home-grown passport-carrying Britons, yet they felt the need to carry multiple forms of identity on their bodies so that their dead bodies could be identified. In that case, had there been an identity card scheme in place, far from hindering those gentlemen, if that is the right term, in the execution—bad pun—of what they were doing to themselves, one of the documents that they would have carried would have been the very identity card that the Government have billed as a crucial tool against terrorism.

We will also find that that situation is impossible to solve if someone is a native or citizen of the Free State of southern Ireland. In other words, the southern Irish—people from Eire—living and working in this country will not be required to carry an identity card. We might think that it is all over in Northern Ireland and in Ireland as a whole, but, as the events of a few weeks ago at Massereene barracks and elsewhere showed, it patently is not.

I would suggest that there might be arguments for the card—theoretical arguments, in some ways—if, as I have already said, I thought that we could afford it, if I did not think that it was a gross intrusion on civil liberties, if I did not think that the cards could be forged, if I did not think that the Government were incapable of putting the scheme in place and, most importantly, if the Government would stop constantly shifting the ground on which they make their arguments. If they would come clean about the fact that the scheme is a menace, and not a nuisance, they could, in my eyes at least, recover some of the credibility that they had in the past. As things are, however, the scheme must be scrapped: it is expensive and a pest, and will aid terrorists rather than hindering them.

9.24 pm

Mr. Mark Todd (South Derbyshire) (Lab): I am pleased to follow the hon. Member for Newark (Patrick Mercer). He gave me some information that I have never heard before, and some useful context to the debate.

My track record is that I supported the Identity Cards Bill on Second Reading, partly in deference to my party's manifesto and partly because I do not have a deep-seated civil libertarian objection to the idea in principle. However, I withdrew my support on Third Reading, as I did not believe that the detailed design of the scheme was likely to be implemented satisfactorily, partly because the justification was muddled in the first place. We have already heard that idea set out by other hon. Members. There were claims that the card would be an anti-terrorism tool, that it would control illegal immigration or that it would prevent identity fraud. The ID card has virtually no role in dealing with the first two, and is effective in the third only if the citizen chooses to use it properly.

The only possible basis for the ID card would be if it were seen as a convenient proof of identity—essentially, a citizen's tool. For that to work, that principle should have been the foundation of the argument in the first place. I have heard it many times from the industry in which I worked before first coming to Parliament that that should have been the basis of argument right from the beginning—but it was not. One must wonder, to be honest, whether we could possibly justify a scheme costing this much for the narrow purpose of providing a useful convenience for our citizens in demonstrating their identity and their entitlement to services.

Any project of this kind would have to be based on trust. The holding of personal data in one place has already prompted substantial public mistrust, and we

[Mr. Mark Todd]

have heard examples in the debate—I do not have the time to repeat them—but we all understand that human failure is an inevitable part of managing data, and that it is impossible to devise a system that wholly protects us against it.

Lack of trust is not merely an inconvenience; it is an entirely disabling impediment to success in a complex information systems project. The suppliers that have been called on to provide the system have made it quite clear that the project must be explained to citizens and that trust must be built. We have seen some frankly fatuous attempts to do that. The "yoof" attempt, via www.mylifeid.org, which was aimed at youngsters, fell by the wayside extraordinarily rapidly under the ridicule that it attracted.

It would help in building trust if one could show functionality. We have drawn out the example of airport workers. That was one area where it was suggested that ID cards should be compulsory, yet those who might have an interest in the cards being introduced—the British Air Transport Association—clearly said:

> "We do not see the ID scheme bringing any security or business benefits."

Frankly, if that area was seen as the target for the initial compulsion but saw so little value in the scheme, one must take some heed of that. It obviously has its own way of establishing secure identity—it must have, to carry on its business—and felt that the scheme would add little or nothing.

There are also practical objections. The national identity register must include a person's address. That is one of the elements within it. That detail will change frequently. It is not currently required for a passport. It is an offence for driving licence holders to fail to notify a change of address. Precisely the same sanction will apply to anyone who fails to update their address on the national identity register. We might assume perhaps that that is something that our dutiful citizens follow by rote. Well, the evidence suggests otherwise. In fact, the Driver and Vehicle Licensing Agency estimates that 20 per cent. of the addresses held on its database are wrong.

Inaccuracy is inevitable and will be substantial, so what value will holding people's addresses actually have? Even if we assume that everyone will attempt to notify changes of address, the cost and scale of the activity involved will be huge. The Home Office estimated, in an answer to me, that 14 per cent. of people change their address every year. We have not discussed, and I have not seen any information on, the ongoing cost of managing the national identity register. That cost will be huge, if the task is to be done reliably and is to fit the scale of the undertaking involved. It is far from clear whether the cost of data management and updating has been built into the costs that we have heard to date. I would certainly like the Minister for Borders and Immigration to set out his estimate of the cost, based on the data that his Department has provided to me.

The practical use of the project is unclear, the trust of our citizens has not been won, and the detailed design of the project is flawed. It deserves termination. But for my lack of knowledge of the contractual obligations entered into, and any consequential costs, I would gladly support the Opposition's motion tonight. However, I must confine myself merely to withdrawing support for the Government's position.

9.31 pm

Mr. Mike Weir (Angus) (SNP): The Scottish National party has always opposed the identity card, and we will continue to oppose it. We will join the Conservatives and Liberal Democrats tonight in the Lobby. I agree very much with the hon. Member for Eastleigh (Chris Huhne), and it is a great pity that the Liberal Democrat amendment was not selected, because it goes to the crux of the matter.

We have always been concerned about the confusion regarding the purpose of the identity card. It was first proposed after 9/11 by the then Prime Minister, Tony Blair, to fight terrorism. It seems to have gone through many rotations since. It became the solution to whatever problem happened to be uppermost in the Government's mind—benefit fraud, people trafficking or whatever. Frankly, the scheme has never been credible because of that.

The arguments hit a new low tonight when the Home Secretary effectively said that the scheme was for the convenience of the citizen, who could carry a small card rather than a passport or other documents to prove their identity. That might be useful, but it is not worth at least £5 billion of public money.

There is another serious concern about identity cards. It was mentioned that during the second world war, everyone carried an identity card. I do not think that we can quite equate the current situation with war time. In any event, even then there was what the Americans call mission creep, since the identity card went from having three purposes to 39. In 1951, the English High Court said:

> "This Act was passed for security purposes, and not for the purposes for which, apparently, it is now sought to be used."

In other words, the identity card took on more and more functions.

We must be clear, given the Home Secretary's recent announcement, that the identity card is not dead. Biometric passports are proposed. I understand that 80 per cent. of the population carry a passport, so there will be a large number of such passports in circulation. Will those passports effectively become ID cards? That seems to be the way things are moving. I am deeply concerned that we might get into a position in which the Government say that a person cannot access health or other services unless they produce a specific piece of identity, whether that is an identity card or a biometric passport. I do not see why we citizens should need to do that, but in the case of many services, the Government determine what identification is needed. It seems that we are moving towards effective compulsion by the back door, because one will either carry the document or not access services. That is very disreputable.

Dr. Palmer: Will the hon. Gentleman give way?

Mr. Weir: No, I will not. I do not have much time.

When my hon. Friend the Member for Perth and North Perthshire (Pete Wishart) raised with the Home Secretary the example of the Scottish Parliament, the right hon. Gentleman rather brushed it aside, but it is an important example. When the Scottish Parliament voted on the principle of ID cards, no one, but no one,

supported it. The Labour party abstained en masse. But the Scottish Parliament controls public services in many areas in Scotland, and ID cards or biometric passports will not be made compulsory to access those services, whatever the Government down here choose to do.

The Home Secretary assured us that the database was totally secure—he even stated, if I heard him correctly, that it was not downloadable. I am no computer expert, but I am fairly certain that it would be impossible to create a database that is not downloadable in any event. Others have mentioned the Government's record both on IT projects and on loss of data, so I shall not elaborate further.

I am concerned about the huge costs associated with the database and the lack of clarity about the costs involved. The Government give a cost of between £4 billion and £5 billion. In an intervention, the hon. Member for Wolverhampton, South-West (Rob Marris), who is no longer in his place, pointed out that for that cost to be covered, some 35 million people would have to get an identity card voluntarily at a cost of £30. Members can decide how likely it is that that number will do so, unless the Government try to make it compulsory by the back door.

That is not the largest cost that has been estimated for the scheme. There is great difficulty involved in trying to find out the true cost of the identity card scheme. The London School of Economics put a 10-year cost range between £10.6 billion and £19.3 billion. That has been strongly attacked by the Government, who do not accept those figures, about which there has been considerable controversy. Using the method employed by the hon. Member for Wolverhampton, South-West, as I pointed out earlier, more than the entire population of the UK would have to apply voluntarily for an identity card at a cost of £30 for the Government to get anywhere near covering the projected cost. It is impossible, and the figures do not add up.

It is interesting to note that such is the controversy about the figures that the London School of Economics has stated that it will not issue further costings because of the secrecy and contradictions around the identity card scheme. It should cause all Members great concern that we cannot get even such basic information.

The identity card has been proposed for all sorts of reasons, but there is no evidence that it will deal with those problems. There is no evidence that it is a cost-effective way of addressing those problems—for example, benefit fraud. Identity is only a tiny part of the problem of fraud in the benefits system, and even if the identity card helped to tackle that, it would not tackle the main problem. Many countries have much worse identity card theft than Britain, because they rely on a single reference source, which will effectively be the problem if we move towards an identity card or a biometric passport in this country.

Commenting on the recent announcement by the Home Secretary, Liberty said that the Government proposal still amounted to a compulsory scheme. It said:

"The Home Secretary needs to be clear as to whether entry on to the National Identity Register will continue to be automatic when applying for a passport. If so, the identity scheme will be compulsory in practice.

However you spin it, big ears, four legs and a long trunk still make an elephant. And this white elephant would be as costly to privacy and race equality as to our purses."

I could not agree more with Liberty. The whole thing is a disaster area. It does not do what it says on the tin, to quote someone else. It will be a massive cost that we cannot afford in these economic times, it is a waste of money and it should be ditched immediately.

9.39 pm

Damian Green (Ashford) (Con): This has been a most instructive debate: those who have always opposed identity cards now seem to do so with more strength and passion than they ever did; and those who supported them reluctantly seem to be moving from that position. Even the hon. Member for Broxtowe (Dr. Palmer), who is a leading enthusiast of them, admitted that he is now not in favour of what the Government are doing. The case was put very well by the Chairman of the Home Affairs Committee, the right hon. Member for Leicester, East (Keith Vaz), who described the Government's position as a shambles, and by my right hon. Friend the Member for Charnwood (Mr. Dorrell), who described ID cards as a policy in search of a problem.

The Home Secretary revealed the essential emptiness of the Government's position. I am delighted to welcome the Minister for Borders and Immigration back from France to wind up the debate. He did not listen to the first hour and a half, and, candidly, I would have advised him to stay and have the dinner; it would have been more fun than trying to respond to this debate.

The Home Secretary's speech revealed the essential emptiness at the heart of the Government's remaining arguments for the scheme. He was at pains to say that the Government had never argued that it was going to stop terrorism or be that effective against crime or benefit fraud, and that, in fact, there had never been any particular purpose to it. He is right: those arguments were all used at various stages—and some of us voted against the scheme all the way through—and never were at all convincing. However, what remaining shred of conviction and argument one could have had about the effectiveness of identity cards in fighting crime, terrorism and benefit fraud is completely removed when they are voluntary.

Laura Moffatt (Crawley) (Lab): Will the hon. Gentleman give way?

Damian Green: The hon. Lady has not been present for the whole debate, so if she will excuse me I shall not, because we have very little time left.

The Home Secretary revealed the hollowness at the heart of his argument when he said that the scheme had always been intended to be voluntary, but those of us who sat through the debates do not quite remember it like that: it was clearly a scheme that the Government always intended to make compulsory. The legislation states that there has to be another vote for it to be made compulsory, but the provision is in the legislation and it was always clearly the Government's intention to move to compulsion. That was one of the last things that made it logical. What is completely illogical is the Government's position since last week. They have tried to pretend that the scheme was always meant to be voluntary, but none of its so-called benefits applies if it is to be voluntary.

The Home Secretary has blown a hole in the centre of the arguments that successive Labour Prime Ministers and Home Secretaries have made. The previous Prime Minister talked about ID cards being

[Damian Green]

"an essential way of tackling illegal migration and crime".—[*Official Report*, 18 January 2006; Vol. 441, c. 833.]

The right hon. Member for Sheffield, Brightside (Mr. Blunkett), when he was Home Secretary, talked about ID cards making "our borders more secure" And his successor but one, the right hon. Member for Airdrie and Shotts (John Reid), described identity cards as "central to measures to prevent illegal working". All sorts of claims have been made—none of which can be credibly made about the current system.

Laura Moffatt: Will the hon. Gentleman give way?

Damian Green: All right, I will give way to the hon. Lady, because I am like that.

Laura Moffatt: I am deeply grateful to the hon. Gentleman, and I certainly was present for the beginning of the debate; I just missed an hour in the middle. Has he had discussions with Conservative leaders of local authorities? At a recent roadshow run by the Home Department, the Conservative leader of Crawley borough council saw the enormous benefits of ID cards, both in delivering council services and for the business community. Would the hon. Gentleman like to answer that?

Damian Green: I see no advantages to the identity card scheme, and I could happily discuss it with my colleagues in local government.

We all now agree that ID cards will not prevent terrorism; that is now of no dispute between anyone. They certainly will not prevent illegal immigration, because foreign visitors will not have to have an ID card unless they plan to stay in the UK for more than three months. They will not prevent identity fraud. Microsoft's national technology officer, Jerry Fishenden, has said that introducing ID cards would make the problem even worse, warning that it could

"trigger massive identity fraud on a scale beyond anything we have seen before".

[Interruption.] The Minister for Borders and Immigration asks how, but I suggest that he talk to Microsoft. We are five years into the scheme—why does he not talk to one of the world's biggest and most successful computer companies about the effects of his policy?

The Government should have spent time and resources on ensuring that biometric passports were secure. In November 2006, an investigation by *The Guardian* found that the passports could be electronically attacked and cloned with a microchip reader costing £174. A computer expert took 48 hours to write software that could take all the information from the chips.

How have the Government got to the current situation? Contrary to all the assertions about opinion polls showing that ID cards were popular, when real people—airport workers in Manchester and London City airport—were told that they had to have identity cards, they rebelled. Neither the airlines nor the airline workers wanted them. Nobody wanted them, so the Government promptly retreated. As a good former trade union official, the Home Secretary recognised that the trade unions were against the idea, so—as Labour Ministers do when faced with trade union rebellions—he retreated and announced a U-turn.

Previously, the Home Secretary had claimed that, despite their resistance, the airport workers had to have an ID card for security reasons. Now, however, the pilot schemes are to be voluntary. One of the most absurd bits of last week's announcement came when the Home Secretary claimed that he was accelerating the roll-out of ID cards. I gently suggest to him and the Minister for Borders and Immigration that given our discussions today, in various forms around the House, of the fines of up to £1,000 for which people will make themselves liable if they take a voluntary ID card, the voluntary take-up will be particularly small.

That brings me to the subject of costs, which has dominated a lot of the debate. The bad news for the Minister for Borders and Immigration, who is about to wind up, is that the Home Secretary was completely and characteristically honest about the issue—he said that he had no idea how many people would voluntarily take up the card. If the Government have no idea about that, they can have no idea of the cost to the taxpayer. Everything that Ministers say about the cost is bogus; they do not know any more about it than anyone else.

None of the rest of us knows much about the cost because Ministers have spent the past few years energetically trying to hide it. They keep asserting that 70 per cent. of the cost is due to the passports and that only 30 per cent. will go on ID cards—although 30 per cent. of £5 billion seems a lot of money and worth saving to me. However, even if what they say is true, the Government have adduced no detailed evidence for the assertion; they have not allowed anyone to look at any of the accounts, but simply repeat the assertion. We simply cannot know how much preserving biometric passports but not proceeding with an identity card scheme or the national identity register would save. On that point, I reassure the hon. Member for Eastleigh (Chris Huhne) that we could happily have imported his party's amendment into ours; we are as strongly against the national identity register as he is. It is one of the central things that are wrong.

One of the other myths perpetuated this evening is that the passport database is essentially the same as the national identity register. I commend schedule 1 to the Identity Cards Act 2006 to all those who have been peddling that myth; they should read the list of the information that may be recorded on the identity register. The list includes:

"the 'audit log' of how and when any information from an entry was provided to any person or body."

Any attempt by anyone to look at a person's records gets registered. *[Interruption.]* The Home Secretary says that that is absolutely right. There is much more on the national identity register—*[Interruption.]* We do know, although some of the right hon. Gentleman's colleagues do not seem to. They seem to think that the information is the same as that on a passport, but it absolutely is not—it is much greater and more intrusive than the information that would be on the passport database, and it would be dishonest of the Government to claim otherwise.

The scheme is not wrong only in cost terms. A Conservative Government would scrap the scheme not just because it is a waste of money—it is also wrong. The Government do not understand a simple, obvious truth: we cannot defend our liberties by sacrificing them. We have taken a principled stance against the

Government's control state. We are fundamentally opposed to the Orwellian society that Labour is trying to create through schemes such as this. Privacy International—the Home Secretary should be ashamed of this—now ranks Britain as the most invasive surveillance state and the worst at protecting individual privacy of any western democracy. That is what we have come to after 12 years of new Labour Government. *[Interruption.]* The Home Secretary is objecting to Privacy International, which is no doubt another body that he has no time for. Frankly, however, he must recognise that ID cards are a bad idea whose time has never come.

Anyone who cares about either freedom and privacy or the state of the public finances—some of us care about both—will vote for our motion. The ID scheme is a sickly policy that needs to be put out of its misery. If this Government will not do that, the Conservatives will do it if we win the election. I commend our motion to the House.

9.50 pm

The Minister for Borders and Immigration (Mr. Phil Woolas): It is a pleasure to serve under your speakership in this Chamber for the first time, Mr. Speaker. May I start by apologising to you, to the House and to the hon. Member for Epsom and Ewell (Chris Grayling) for not being here at the beginning of the debate? I am sure that the House would have been supporting me in what I was doing in France in securing our borders.

The modern-day Conservative party has an identity crisis. It is seeking to square its authoritarian instinct with its liberal appeal. Up and down this country there are Conservative councils that use CCTV and use access cards for local services, and whose members and activists support the idea not only of an identity card but a compulsory identity card; we know that because people tell us so in our constituencies. The hon. Member for Epsom and Ewell, who has flipped on this issue, showed his true colours on 23 January 2002 when he supported the very wise Bill introduced by my hon. Friend the Member for Broxtowe (Dr. Palmer).

Two prime myths are perpetuated by the Opposition. I refer to the official Opposition, not to the Liberal Democrats, who have been consistent in their folly in opposing our policy, unlike the Conservatives, who have been inconsistent in their folly. The first myth is the allegation that the Government are allocating up to £5 billion of public money to pay for an ID card scheme. That is simply a fabrication. We have heard the accusation that clarity has not been given; the hon. Member for Angus (Mr. Weir) made that point. I refer hon. Members to the document, "National Identity Service Cost Report", published in May 2009—particularly to pages 6 and 7, where tables lay out the estimates. The first paragraph on page 7 says:

"The estimates—

that is, for the total of £4.945 billion over a 10-year period—

"are gross costs and do not reflect income from fees and charges."

The cost of the passport service is covered by the fee for the passport, which is currently £72—a bit more for someone who wants it fast-tracked and a bit less for a child. The total fee for the estimated number of passports issued over the next 10 years is up to £96.7 million; that gives us a gross cost. The £4.95 billion figure quoted for ID cards is a gross cost before fees and income. Then the question arises as to how much of that money is to be spent on the identity card. The answer is that that depends how many people get one. *[Interruption.]* The hon. Member for Epsom and Ewell rises up in mock accusation saying that we do not know. Does any business person know how many units of their product will be sold in 10 years' time? No: they know the average cost and the marginal cost.

Chris Grayling: Will the Minister give way?

Mr. Woolas: No, I will not, because I want to bust the other myth, too.

The cost of the scheme is covered by the fee, so the accusation that it is a waste of public money is false. Further, the Conservatives' own public finance policy is based on the idea that they can save money by scrapping the ID scheme, but the fact that it is a gross cost before income shows that there is no money to save by doing that. Once again, there is a black hole in their argument.

Rob Marris: Perhaps my hon. Friend can elucidate. From memory, the report gives the distinct cost of identity cards as something in the order of £1.2 billion over 10 years. That suggests, in round terms at £30 per identity card, a take-up of 36 million voluntary ID cards, many by people who would not have passports. Does my hon. Friend really believe that there will be 36 million volunteers in the next 10 years?

Mr. Woolas: I refer my hon. Friend to the speech of my hon. Friend the Member for Broxtowe, who explained clearly to the House the difference between the cost of the cards and the cost of the national identity register, establishing which will incur costs in order to provide the biometric passport. The hon. Member for Epsom and Ewell is not denying the desirability of or need for that identity register. The cost report laid before the House explained that difference thoroughly. In any event, my right hon. Friend the Member for Leicester, East (Keith Vaz) is to undertake a study, and I ask him to consider the points that I have made.

Chris Grayling *rose—*

Mr. Woolas: I ought to give way to the hon. Gentleman, so that he can explain his own policy.

Chris Grayling: May I ask the Minister a simple question? The Home Secretary told us last week that the voluntary ID card scheme would be self-financing. How many people need to sign up for that voluntary scheme in order for it to break even and become self-financing?

Mr. Woolas: The economics of that argument are ridiculous. The same could be said of the passport service. If, goodness forbid, the hon. Gentleman were ever in a position of having to take a decision and he were asked what he thought the passport fee for the next year should be, and his officials provided him with a brief saying, "We don't know how many are going to be sold next year, Minister, so we can't set a fee", what would he do? He would say, "We will base it on cost recovery. We will look at the previous average cost of passports and the marginal cost of production", just as any business person has to do, and he will set his fee. *[Interruption.]* The fee will be £30 next year and £30 the year after; we have said that. This is not difficult economics.

[Mr. Woolas]

[Interruption.] The hon. Member for Ashford (Damian Green) says "Do the maths", but he clearly does not know what marginal cost is.

The second myth that has been perpetuated in the debate is that because there are six good reasons for an identity scheme, no one reason is good enough. It is argued that an identity card system in Madrid did not stop the terrorist bombing. On that logic, the police force in Spain could be abolished. They had a police force, but that did not stop the bombing. The Government have not said, as the right hon. Member for Charnwood (Mr. Dorrell) claimed, that it was the key element— *[Interruption.]* The Opposition might not like the argument, but the right hon. Gentleman said that we had claimed that ID cards were the key method against terrorism. That is not what we said.

Mr. Dorrell: Will the Minister give way?

Mr. Woolas: I cannot give way; I have very limited time.

Another argument that is put forward is that the scheme will not help diminish fraud. Clearly the 24 European Union countries that have opted for an identity card scheme think that it will help attack fraud. It is not the key element, but it is one element.

Of course, the Opposition want the scheme to be compulsory so that they can get their arguments about the alleged Orwellian nature of the Government on the record. However, when we pulled the rug from under them two years ago, and when my right hon. Friend the Home Secretary reinforced the policy, the 71 per cent. of people who want an identity card were with us and against them.

Mr. Andrew Robathan (Blaby) (Con) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith. That the Question be now put.

Question agreed to.

Question put accordingly (Standing Order No. 31(2)). That the original words stand part of the Question.

The House divided: Ayes 206, Noes 293.

Division No. 182] **[9.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Baldry, Tony
Barker, Gregory
Beith, rh Sir Alan
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Bottomley, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. (Monmouth)
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Godsiff, Mr. Roger
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Hulme, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Main, Anne
Malins, Mr. Humfrey
Mapisll, Mr. John
Mason, John
Maude, rh Mr. Francis
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Dr. Richard
Thurso, John
Timpson, Mr. Edward
Tredinnick, David

Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Waller, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. John Barrow and
Mr. Philip Dunne

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Diamond, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gilroy, Linda
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Iranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lawton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui

Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. John Heppell and David Wright

Question accordingly negatived.

Question put forthwith (Standing Order No. 32(2)).

That the proposed words be there added.

The House divided: Ayes 283, Noes 203.

Division No. 183] **[10.15 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gilroy, Linda
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, rh John
Riordan, Mrs. Linda

Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E *. (Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Sneigrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. John Heppell and David Wright

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Arbuthnot, rh Mr. James
Baldry, Tony
Barker, Gregory
Beith, rh Sir Alan
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Flynn, Paul
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Godsiff, Mr. Roger
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shappe, Grant
Simmonds, Mark
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Dr. Richard
Thurso, John
Timpson, Mr. Edward
Todd, Mr. Mark
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
Mr. John Baron and Mr. Philip Dunne

Question accordingly agreed to.

Resolved,

That this House acknowledges the continued and growing problem of identity fraud in the UK; accepts that a universally accepted biometric passport or identity card linked to a national identity register will help secure the identity of an individual and reduce the incidence of multiple identity fraud; further recognises that for certain groups, including young people, an identity card will enable them to provide proof of age and more broadly enable people to travel throughout Europe; considers that it is right that non-European Economic Area foreign nationals should be obliged to apply for an identity card which provides a simple and effective method of determining the right of residence and entitlement to employment and benefits; welcomes the fact that for those joining the National Identity Service there will be a choice between identity cards and biometric passports; and notes the fact that any decision on whether membership of the scheme should be compulsory would require further legislation.

Business without Debate

CONSOLIDATED FUND (APPROPRIATION) (NO. 2) BILL

Motion made, and Question put forthwith (Standing Order No. 56), That the Bill be now read a Second time.

Question agreed to.

Bill accordingly read a Second time.

Question put forthwith, That the Bill be now read the Third time.

Question agreed to.

Bill accordingly read the Third time and passed.

DELEGATED LEGISLATION

Mr. Speaker: With the leave of the House, I shall put motions 3 and 4 together.

Hon. Members: Object.

Mr. Speaker: Objection taken. The motions will therefore be put separately.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

COMPANIES

That the draft Overseas Companies Regulations 2009, which were laid before this House on 14 May, be approved.—*(Mark Tami.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

INTERNATIONAL MONETARY FUND

That the draft International Monetary Fund (Limit on Lending) Order 2009, which was laid before this House on 2 June, be approved.—*(Mark Tami.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

JUSTICE AND SECURITY

That the draft Justice and Security (Northern Ireland) Act 2007 (Extension of duration of non-jury trial provisions) Order 2009, which was laid before this House on 8 June, be approved.—*(Mark Tami.)*

The Speaker's opinion as to the decision of the Question—being challenged, the Division was deferred until Wednesday 8 July (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

IDENTITY CARDS

That the draft Identity Cards Act 2006 (Provision of Information without Consent) Regulations 2009, which were laid before this House on 6 May, be approved.—*(Mark Tami.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 8 July (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

IDENTITY CARDS

That the draft Identity Cards Act 2006 (Information and Code of Practice on Penalties) Order 2009, which was laid before this House on 6 May, be approved.—*(Mark Tami.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 8 July (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

IDENTITY CARDS

That the draft Identity Cards Act 2006 (Fees) Regulations 2009, which were laid before this House on 6 May, be approved.—*(Mark Tami.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 8 July (Standing Order No. 41A).

Mr. Peter Bone (Wellingborough) (Con): On a point of order, Mr. Speaker. As you will know, it is very difficult to be successful in the ballot for questions. I was delighted that I came up in the ballot for questions to the Secretary of State for Communities and Local Government but, to my horror, I received notification this morning that my question had been bumped from tomorrow's Order Paper and made into a written question to the Secretary of State for Children, Schools and Families. Exactly the same thing happened to my hon. Friend the Member for Bromsgrove (Miss Kirkbride). I know, Sir, that the Ashes are coming up and cricket is on everyone's mind, so is it not fair to suggest that, similar to what happens under the LBW rule, the benefit of the doubt should be given to a Back-Bench Member who is asking a question, rather than to the Executive who are trying to bump a question? I would be very grateful for any ruling that you could make on this matter.

Mr. Speaker: I am very grateful to the hon. Gentleman for his point of order and, more particularly, for giving me advance notice of it. What I say to him is that I, in common with my predecessors, strongly deprecate the notion of late unstarring of oral questions. I hope that that point is heard very clearly by those on the Government Front Bench. The hon. Gentleman will understand that, despite his brief description of the position, I am not closely familiar with the details of his particular case, or that of the hon. Member for Bromsgrove (Miss Kirkbride), but what I can and should fairly say to him and to the House is that I will indeed look into the matter.

Three-tier Education (Bedfordshire)

Motion made, and Question proposed, That this House do now adjourn.—*(Mark Tami.)*

10.32 pm

Nadine Dorries (Mid-Bedfordshire) (Con): The subject for this debate is two-tier and three-tier education. When I became the MP for Mid-Bedfordshire, a system of three-tier education was in operation, as is the case now—that is different from what happens in most of the rest of the country. Shortly after I became an MP, three-tier education and whether or not our area should transfer to offering two-tier education became the subject of much debate among parents, schools and councillors. At that time, the remit for education was under the authority of the county council. A vote was taken and the decision was to retain the three-tier system. That vote took place nearly three years ago, since when a cultural change in attitude towards three-tier education has taken place in Bedfordshire, because we have seen year-on-year improvement in children's outcomes. That happened because the attitude previously had been that at some stage the area would change to having a two-tier system, so the three-tier approach had been slightly neglected, but, following the vote, outcomes have improved.

One of the reasons why the vote to retain a three-tier system was carried was that it was felt that sacrificing a generation of children in the transformation from one system to the other was too high a price to pay; many children would probably have been spending much of their education in portakabins while schools were being sold off to raise finance for new schools to be built or while mergers of schools were taking place, and it was felt that the transitional impact on those children would be too great. That was one of the issues. Another was, of course, the cost. It was felt that no evidence existed to demonstrate that huge improvements could be achieved through the change or that this would be a life-changing event, in terms of academic or other outcomes, for children. On the contrary, the evidence demonstrates that the pastoral care given in middle schools—in the smaller school environment—can hugely enhance a child's education. All that was lacking was the commitment to get behind three-tier education, invest in it and make it work well.

We have had a change recently in Bedfordshire and we now have the unitary authority system. The Central Bedfordshire authority is taking a sensible and measured approach to the issue and is consulting the various portfolio holders and members of the executive. It is taking a steady and reasoned approach and will go to full consultation. It has also brought head teachers from all three tiers into the consultation. Nobody in the Central Bedfordshire authority has taken the decision to change to two-tier, so it is going through a genuine process and evaluation.

However, the same cannot be said in Bedford, where the mayor—I believe that his party is Better Bedford—has decided that the change will be made. The decision was made a while ago—perhaps the mayor wants it to be his legacy. That change appears to be very much against the wishes of parents, if the e-mails that I have received are anything to go by—or the 20,000 hits in the last 60 days on the save our schools website for Bedford, or the presentations made by parents at the 20 or so consultations that have taken place over the last few months. The strong feeling is that parents in Bedford like the smaller school system, especially as many of the schools are in rural areas—not all, but some. Parents like the smaller schools and the pastoral care, which works well especially for children with learning difficulties or special needs. It is much easier, in the small school environment, to focus on those children and identify problems earlier.

The original proposal was that the decision to change from three-tier to two-tier would be taken using mayoral powers. The mayor is now rowing back from that and the decision may be taken by the full council. However, some of the information that has been given out to parents and schools is not entirely accurate. One of the areas of propaganda is the claim that the Building Schools for the Future funding will not be available to schools in Bedfordshire should they retain the three-tier system. I do not know whether that is true, and I hope that the Minister will clarify the point. I would argue that middle schools are upper schools. They are still educating children of that age—it is not as though a whole age group are not being educated. Therefore I fail to see why that should be the case.

It is also claimed that in order to obtain Building Schools for the Future funding, a school has to demonstrate that the funding would have a transformational effect. I would argue that over the last three years we have seen transformations taking place in education in Bedfordshire. For example, in Mid-Bedfordshire there are no schools in special measures.

Some of the other information that has been given out is slightly duplicitous and a bit naughty. For example, the consultation document that has been given out includes eight pages of information about the two-tier system, which the mayor wants to change to, and 18 words about the three-tier system.

I have received about 600 e-mails and letters, and there are lots of stories about pressure being put on people; I have no personal evidence of that—it is only what I have been told by parents and teachers.

Another matter of which I have proof is that in the consultation document, GCSE results in the borough are limited to the state schools, compared with the figures that are collected on the national basis, which include the results of independent schools. Bedford has an independent school system known as the Harpur Trust, made up of a fee-paying group of schools. They are quite low-cost and very good. They were set up as a trust and have been established for a long time. Their examination figures have been taken out of the consultation document, so just the very select figures from the state schools are being used as a comparator with the national figures. There are issues concerning the use of those figures.

The "Save Middle Schools" campaign, which is running in the area, has not been allowed to give out its literature in the upper and lower schools because of pressure from elsewhere to prevent it from doing so. That too has been an issue of concern.

Let me turn to my main concern. I like three-tier education—I will put my hand up to that. If I was pressed against a wall by parents about this issue—and I am, frequently—I would say that I like three-tier education, because I am particularly interested in special needs and because I like the small teaching environments

[Nadine Dorries]

and the pastoral care and teaching that can be given in such environments. I like the fact that our outcomes have been good over the past three years. However, it is not my decision, and it is not the decision of councillors.

When the mayor of Bedford was elected, the decisions about education in Bedford were made by the county council. It was not within his remit. He did not stand on any manifesto or any platform to do with changing to two-tier education. The same can be said of Central Bedfordshire council, because all the councillors recently stood for election, and not one of them included three-tier and two-tier education in their manifestos. Nobody in an elected position in Bedfordshire has been elected as a result of any recent statement on education, because it was not within their remit at the time at which they were elected.

If we are going to subject a generation of children to a change from three-tier to two-tier education and if that means that children will have to study in portakabins and will receive an education that involves a lot of change, that must involve parents, governors and, most importantly, the children. Anything we do in education in this country should be focused on achieving an educational outcome for the particular children involved. I believe that it should therefore be the responsibility of the parents, teachers and governors to decide whether that change should take place. I hope that the Minister supports that view. As no elected person in Bedfordshire—including the mayor of Bedford—has the mandate to decide whether we should change to two-tier education then, if the decision is to be taken, it should be taken by the parents via a referendum.

I know that my hon. Friend the Member for North-East Bedfordshire (Alistair Burt) wants to speak about the financial points, so I shall finish my speech. May I ask the Minister whether it is the case that, if we retain three-tier education, we will be prejudiced against or damaged in any way as regards receiving Building Schools for the Future funding? Culturally, are the Government putting any pressure on the mayor, on Better Bedford, on the council in Bedford or on whoever else is involved to change to two-tier education? Will we be financially disadvantaged? Does the Minister agree that if such a huge change is to take place within education, parents and teachers should have some kind of referendum as no one has the mandate to introduce such a change?

Rather than taking an intervention from my hon. Friend the Member for North-East Bedfordshire, if it is acceptable, Mr. Speaker, I shall hand over to him to allow him to make a speech.

10.44 pm

Alistair Burt (North-East Bedfordshire) (Con): With the kind permission of my hon. Friend the Member for Mid-Bedfordshire (Nadine Dorries) and the Minister, may I offer a couple of comments on the debate? First, I thank and congratulate my hon. Friend on succeeding in applying for and winning this Adjournment debate on what is, as the Minister will understand perfectly well, a contentious issue.

My understanding is that there is no guidance from the Department for Communities and Local Government or from anywhere else that either a three-tier or two-tier system is innately preferable. I am sure that all our evidence would show that the quality of the school and the education system is determined by the quality of the head teacher, the ethos of the school, the quality of the staff and the work that goes on there. The Government express no preference for one structure or the other. However, for parents in an area where the matter is up for consideration it is one of the utmost importance, because it concerns their children—either those who are in the school system now, or those who will come into it in the future. So the debate in Bedfordshire is keenly contested.

Two debates are going on. As my hon. Friend said, our constituencies share local authorities. Most of her constituency covers Central Bedfordshire; my constituency is split quite evenly between Bedford unitary council and Central Bedfordshire. Bedford unitary council is going through the process of deciding whether to retain the three-tier system. Central Bedfordshire is not yet able to make that determination, but has indicated that it is considering the future of its education system.

We seek the Minister's clarification of three areas, if he would be so good. First, on the funding elements, as my hon. Friend said, there is a relationship between the decision to be made about the future of our schools and a possible bid for the Building Schools for the Future programme, linked to the desire to improve the quality of our schools. As she also said, there has been issue about whether any bid under that initiative would be related to the structure of the schools. Having held a meeting with the Minister's predecessor, I am convinced that the Government do not have any preference one way or another, and that it will be possible for Building Schools for the Future money to be available for authorities that maintain three-tier education. I would be grateful if the Minister would say whether any applications from authorities with three-tier education have been successful. Has any area with a middle school structure been successful in obtaining funds under the Building Schools for the Future programme?

Secondly, we seek the Minister's guidance on the decision-making structure. He may not be able to answer us this evening, but he might be able to do so by letter. In Bedford council, there is an elected mayor, with a cabinet and council. There is a debate about whether the decision on the structure of schools should be made by the mayor alone, by the mayor and his cabinet, by the mayor and his cabinet and a third of councillors, or by the whole council. My view—and, I think, that of my hon. Friend—is strongly that a decision of such importance should be made by the full council. I wonder whether the Minister can give any indication of whether, under the system of elected mayors, it is possible for the decision to be made by the mayor on his own or by the mayor with the approval of the cabinet and a third of the members, or whether it must be made by the full council. If he cannot answer that tonight, I would be grateful for confirmation by letter.

Lastly, I wish to make a brief point about funding. Building Schools for the Future is an imaginative initiative, but I am afraid that Conservative Members feel that it falls into the same trap as a number of Government initiatives: it talks about very large sums of money projected into the future, and there is scant evidence that there can be delivery of those sums. If Bedford unitary council is to make a decision on the structure

and future of schools, it is essential that it understands what future funding will be. Can the Minister say that if a decision is made to go two-tier and the council comes to the Government in the next few months, the indicative funding of £340 million will be made available, there and then, up front and banked? If that it not the case, what will the funding be in 2010, 2011 and 2012? Can the Minister honestly say that the funding will be there in successive years? If it is not there up front, as all the indications are that Government finance will be under heavy pressure, I do not think that those sums can be sustained in the future.

Accordingly, what I seek is for the council to be able to make its decision understanding absolutely clearly what Government funding will be. So I look to the Minister to tell us what the funding is likely to be post-2010. Does he take the Prime Minister's view that all is well and rosy, or does he take the Chancellor's view that, in fact, no one can predict what Building Schools for the Future funding—or indeed any other Government funding—will be post-2010? None the less, it is essential that that before the councillors decide whether to have a three-tier or a two-tier system in Bedford unitary council and Central Bedfordshire, they should really know what the facts of the funding will be. I am very grateful for the time that has been allowed to me in this debate.

10.50 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Mr. Iain Wright): I congratulate the hon. Member for Mid-Bedfordshire (Nadine Dorries) on securing the debate, and having heard her contribution to the Opposition day debate earlier today, I congratulate her daughter on securing her degree. The hon. Lady and the hon. Member for North-East Bedfordshire (Alistair Burt) advanced their arguments in their usual style, and I appreciate the manner in which they did so. The last time I responded to the hon. Member for Mid-Bedfordshire in an Adjournment debate, the subject was the proposed eco-town in Marston Vale. I think that I reassured her on that matter; I hope that I can do the same again tonight.

In responding to the arguments advanced by the hon. Lady and the hon. Member for North-East Bedfordshire, I want to do three things. First, I shall discuss briefly school reorganisation and the merits and disadvantages of the two and three-tier systems. I shall also mention my Department's policy on the three-tier education system, which is linked with that subject. Secondly, I shall discuss funding and, crucially with regard to this debate, the links between school reorganisation, departmental policy and funding. Thirdly, I shall mention the consultation for schools in Bedfordshire, with which both hon. Members and their constituents are engaged.

I can well understand the emotion as regards schools and their reorganisation; I have seen it myself in my constituency. I think that the whole House would agree that schools are a vital part of the community, and it is fair to say that people feel an ownership of them, and possibly hospitals, that it is difficult to apply to other institutions. The education of their children is rightly of major concern to parents. They want a school system that allows their children to enjoy learning and become equipped with the skills that will allow them to fulfil their potential and realise their ambitions. As we have heard tonight, it is in that context that Bedford borough council is carrying out a public consultation on the proposal to reorganise its school system from three tiers to two tiers.

I have read the council's school organisation review document, which states that such a change is necessary for four reasons: to raise standards in schools, particularly at GCSE; to address growing support for change within the borough; to address the declining number of middle schools nationally; and to use investment from Building Schools for the Future and the primary capital programme to produce an education system that will remain fit for purpose for the next half century. In the document, the local authority states that children aged 13 who change from a middle-tier school to an upper-tier school do not have sufficient time in upper school to adjust to the effects of changing schools before having to choose their options for the 14-to-19 routes to qualifications.

Being in a secondary school from the age of 11 allows children to become accustomed to their secondary school, their teachers and the specific style of learning that will enable them to make more reasoned and personalised choices in their options. The local authority also states in the document that upper school head teachers and governors believe that they would be able to deliver better GCSE results if they admitted their students at the age of 11 rather than 13.

Nadine Dorries: That may be the view of head teachers and governors, but there is no evidence to back up that view. On the contrary, we are doing very well with our GCSE results as things are. They are improving year on year. There is no evidence for the position that they take; it is just a view.

Mr. Wright: Let me come on to that, if I may; the hon. Lady has raised an important point. On the merits and relative disadvantages of the three-tier and two-tier systems, there seems to be a certain logic to the idea that there is naturally a degree of disruption when a child changes school, although that argument is not in the school organisation document. That disruption would be minimised if a child changed school only once, at the age of 11, as happens in a two-tier system, as opposed to twice, as happens in a three-tier system, in which a child goes to middle school at the age of nine and to upper school at the age of 13.

Let me touch upon a fundamental part of the two hon. Members' arguments. There is no clear link between a particular system of school organisation and educational attainment. It would be wrong for me to stand at the Dispatch Box and state, for example, that in all cases a two-tier system automatically lends itself to higher educational success. There is no evidence for such a causal relationship, because the situation is more complex than that, taking into account historical and cultural attitudes to school organisation, the calibre of leadership, as the hon. Gentleman rightly said, and close engagement with parents. Local people and agencies know best what is most appropriate for their area, based on an acute understanding of these complex factors, and can make judgments on school reorganisation accordingly.

It is on that basis that I say that my Department has no prescribed view on any particular pattern of school provision. Both two-tier and three-tier systems can be successful and effective, so we think that it is up to the local agencies, in close consultation with affected local

[Mr. Iain Wright]

parents, to decide how school provision is organised in their area. We have no plans to phase out middle schools as a matter of national policy or to remove support from three-tier systems where they exist.

That brings me to the second fundamental point that the hon. Gentleman made, which relates to funding. The school organisation review document that I mentioned acknowledges that the Building Schools for the Future and primary capital programme streams provide an unprecedented opportunity to transform secondary and primary school provision. The document states:

> "This is a once in a lifetime opportunity to access this level of funding from Central Government and the Borough Council is determined that the money should be used wisely to achieve a transformation of its schools so that we have an education system in Bedford which is fit for the 21st century in state of the art accommodation. The Council must be able to demonstrate its 'readiness to deliver' with a clear vision for the future".

We would all agree with those sentiments.

It is important to dispel the notion that the substantial Government money available through Building Schools for the Future and the primary capital programme is somehow conditional on the local authority changing the manner in which its schools are organised—that we would not provide the money unless it changed to a two-tier system. Let me reassure the hon. Lady that that is categorically not the case. I have already mentioned that my Department does not take a view on school reorganisation, and this policy position is reinforced through BSF and PCP funding.

In answer to the argument put forward by the hon. Member for North-East Bedfordshire, I can say that we have funded, through Building Schools for the Future, a number of local authorities that have middle schools in areas such as Hertfordshire, Kent and Staffordshire, and, closer to my patch, in Newcastle upon Tyne and North Tyneside. A far greater driver towards securing funding is pupil place planning—the projected numbers of secondary age pupils to be accommodated in the schools covered by the project. It is therefore vital that any plans that Bedford brings forward are predicated on responding to the educational needs of its pupils, and not on how much funding it gets. If a change of school organisation is proposed, the educational rationale for doing so must be clearly established.

In respect of Bedford, I point out to the hon. Lady and the hon. Gentleman that the local authority is at a relatively early stage in developing proposals for its Building Schools for the Future project. Bedfordshire was included in wave 6 of BSF, before the outcome of the local government review and local government reorganisation. However, because of specific local issues and concerns, the project was delayed. Partnership for Schools is ready to hold a remit meeting—the point at which programme time scales are set—as soon as a date can be arranged with the local authority.

The third element of my response is the consultation process—

Alistair Burt: Before we leave the subject of funding, may I come back to a point that I made earlier? If the Department agrees that the proposal put forward by Bedford, whether for a three-tier or a two-tier system for the improvement of schools, is appropriate, does all the money arrive up front before the election and before the clamps come down, or is the future funding in doubt because inevitably it will be funded year by year post-2010, and none of us knows how much money there will be in the kitty then?

Mr. Wright: The hon. Gentleman will know that I cannot possibly comment on, or answer, that point about future waves. I do not know the specific proposals that Bedfordshire local authorities will bring forward or the agreements that will be made with Partnerships for Schools. A whole range of different factors is in play, notwithstanding the complex area of public finances post-2011. However, I can say that school reorganisation is based not on funding but on educational rationale and attainment.

I have already mentioned the key part of my response: it is up to local people to determine what schools need and what schools should look like. Given the importance of local buy-in to any proposed change, the consultation is vital, and in May 2007 we put in place new arrangements that must be followed whenever a change in school provision is proposed. For school closures and alterations to school organisation, there are five clear stages in the process. They include, first, consultation, whereby the proposers must consult all interested parties before publishing their proposal, allow adequate time and provide sufficient information to consultees; secondly, publication, whereby a notice detailing proposals must be published in a local newspaper and posted at the main entrances of the schools named in the proposals and at some other conspicuous place in the area; and thirdly, representations, whereby local people have six weeks from publication to submit their representations for or against proposals.

That is the situation in Bedford. The consultation runs to 24 July, and I strongly suggest that if necessary, the hon. Lady and the hon. Gentleman encourage all affected parties—particularly parents—to have their say. Following representations, a decision will be taken by the local authority and then implementation will take place.

I hope that that clarifies the Department's place in the process. We have set the framework and put in place arrangements to allow people affected by school reorganisations to have their say. However, I hope also that in my response I have stressed that local people should decide how schools are organised locally. We do not prescribe a certain model, and we certainly do not influence decisions by making funding conditional upon operating under a certain model. Local people should decide what provision should be like in their area. In the case of Bedford, local people have until 24 July to have their say, and I encourage all those concerned to do so.

Question put and agreed to.

11.1 pm

House adjourned.

House of Commons

Tuesday 7 July 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Social Housing

1. **Phil Wilson** (Sedgefield) (Lab): When he plans to introduce revised guidance for local authorities on social housing allocations; and if he will make a statement. [284335]

The Minister for Housing (John Healey): Before the end of the month.

Phil Wilson: Part of Sedgefield has been designated a growth point in south Durham and is attracting a lot of economic investment. What more can the Minister's Department and Durham county council do to enhance investment in social housing in Sedgefield and other parts of County Durham?

John Healey: I am aware of the commitment that my hon. Friend's council in Durham has to helping people through this tough period of recession. I am also aware of its long-term plans to lift the county and its residents. He asked me what more the council could do. I suggest that it look at the announcement that we made last week of £1.5 billion extra in order that we can build this year and next year the homes that people need—affordable homes that people can rent and buy. My hon. Friend and his council will notice that we have increased fourfold the funding and therefore the number of homes that councils can build over this year and next year. In short, it should bid for the money.

Sir George Young (North-West Hampshire) (Con): The Minister will know that tenants in the social housing sector need to move from one local authority area to another for family or employment reasons. Does not the injunction from the Prime Minister to give priority to local people inhibit tenant mobility?

John Healey: No—exactly the opposite. As a distinguished former Housing Minister the right hon. Gentleman will recognise that we need new homes and we need to build homes that people can afford to rent. He will also know that there is a perception that the system for allocating council and housing association homes can be unfair, inflexible and can stop people who need to move in order to take up or pursue work from doing so. The Prime Minister announced and I will set out in detail before the end of the month ways in which local authorities can give greater preference according to the priorities and pressures in their area. That might include, for some, supporting those who want to work but who need to move in order to do so.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Will my right hon. Friend confirm that giving more priority to people with local needs is not about race but about trying to help people such as Katie Wilson, in my constituency, who has been on the waiting list for 17 years and simply wants to be housed in the community where she was brought up, where her family and friends are? It is about allowing people to move near grandparents so that they can support the children and allow the parents to go out to work. It is those sorts of issues that are important and they are currently not given sufficient priority in the allocation systems.

John Healey: I hope that we can move beyond this argument about immigration. I am not proposing to change the rules about who can apply so that foreign migrants do not have a right to go on to council housing lists. I want to give councils greater freedom and greater scope to be able to make judgments about whom to give preference after they have housed those who are in the most serious housing need. The views of my hon. Friend's council in Sheffield might be very different to the support that councils in Southwark or Somerset might want to give. The principle for this Government is that we should give councils that greater scope to be able to devise and run their lettings list in a way that best meets local housing needs.

Julia Goldsworthy (Falmouth and Camborne) (LD): I take this opportunity to welcome the Secretary of State to his new post and to congratulate the Housing Minister—although he is a familiar face in the local government Front-Bench team—on his elevation. I would also like to express my sorrow at the deaths of the six adults and children who died at the Sceaux Gardens estate the other day. I am sure that we all want to ensure that such a terrible tragedy cannot be repeated in any of our social housing estates.

It was slightly cringe-worthy to hear the Housing Minister trying to explain this morning why his priority is to tackle a misperception about access to social housing when the fundamental problem, surely, is the lack of social housing. Is not the key way to solve that to get rid of the housing revenue account subsidy system? Given that the Prime Minister trailed such a move in January and that we now have a further consultation on a review, is it not time that the decision was brought forward rather than delayed further?

John Healey: I am grateful to the hon. Lady for her comments. She might have missed my statement last week, which set out my aim to dismantle the housing revenue account and the announcement that, from last week, councils that build new homes will be able to keep in full all rents and any capital receipts from them. It is a first step in making wholesale reforms, which are long overdue, and a part of removing the barriers to councils' being able to build, commission building and see the provision of homes in their areas that people need.

Rosie Cooper (West Lancashire) (Lab): I am aware of the consultation document seeking views on options for addressing the impact on local communities of high concentrations of houses in multiple occupation. Local residents in the centre of Ormskirk are affected by homes in multiple occupation, and in particular there is a high concentration of students. May I urge the Minister to take their views into consideration and to bring into reality changes to the legislation, as he sees fit from that consultation?

John Healey: I am looking at this matter very carefully, and will take into account the views of the residents in Ormskirk that my hon. Friend has reported to the House. I shall also take her views into account, and I am looking to make decisions on this matter pretty shortly.

Mrs. Caroline Spelman (Meriden) (Con): I also congratulate the Minister for Housing on his promotion, and welcome him and the Minister for Regional Economic Development and Co-ordination to their new roles in the Department. Like the whole House, I am sure, I wish to share in the condolences extended to the bereaved from Camberwell.

I had to replay the Minister's interview on the "Today" programme this morning twice to understand precisely what the Government's position on housing now is. Will he confirm that the Government's plans may change the requirement in primary legislation to give housing priority to the homeless, families with children and the overcrowded?

John Healey: I am glad that the hon. Lady is following our announcements so closely. To be clear, I have said consistently—and I confirmed it last week, well before today's "Today" programme—that I am not changing the requirement for local councils to give priority to those in most serious housing need. In other words, I am not touching the reasonable preference categories. What I am looking to do, and I shall publish this at the end of the month, is to set out new statutory guidance that will allow councils more scope to give preference to people in their area who they believe are in most need, or to relieve the pressures that they are under. However, that can work only when placed alongside a serious programme to build more homes. That was what the housing pledge and the Prime Minister's commitment last week was all about.

Mrs. Spelman: But given that waiting lists have soared by 800,000, and the legal requirement to house priority groups, is not the Prime Minister's pledge of

"local homes for local people"

simply empty rhetoric—a dog whistle to Labour's disillusioned and abandoned core vote?

John Healey: No. What would be empty rhetoric would be a professed concern for housing in this country alongside a plan to take £800 million out of the housing budget this year and 10 per cent. in every year after that, because that would mean that we could not build the homes that we need for the future.

Changing Places Toilets

2. **Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): What recent steps he has taken to increase the number of Changing Places toilets. [284336]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Ian Austin): New guidance for British standard BS8300 which was published in March includes for the first time detailed guidance for Changing Places toilets. A review of part M of the building regulations, which covers the access to and use of buildings, will begin this year and will consider the possible inclusion of such toilet facilities.

Dr. Starkey: The Minister may not be aware that one of the first Changing Places toilets was installed in the centre of Milton Keynes. It means that families with disabled children can enjoy a day out just like any other family. When part M of the building regulations is looked at, may I urge him to ensure that it includes a requirement that a Changing Places toilet is put in every newly built major public building?

Mr. Austin: First, may I thank my hon. Friend and the many hon. Members of all parties who have written to me about Changing Places? I also thank all those hon. Members who attended the recent Mencap reception for everything that they are doing to highlight the importance of providing suitable facilities for disabled people. No one who attended the reception and who saw the film about Lowri and her mother Bethan could fail to be moved about what they and many other disabled people have to experience.

I congratulate my hon. Friend on the impact that she has had at a local level in ensuring that Milton Keynes was one of the first towns in the country to install one of the 85 new facilities that I am pleased to say have been developed. I can give her the assurance that she seeks, and I believe that the 85 facilities that have been developed are a very good start. I encourage all hon. Members to work with their local authorities, as she has, so that more can be provided in future.

East Sussex Waste Plan

3. **Norman Baker** (Lewes) (LD): What funding his Department has provided to local authorities in connection with the East Sussex local waste plan since that plan was adopted. [284337]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Ian Austin): The Department has provided approximately £70,000 to East Sussex county council and Brighton and Hove city council through a combination of planning delivery grant and housing and planning delivery grant.

Norman Baker: I thank the Minister for that answer, but he might also have mentioned the private finance initiative credits provided previously by the Treasury. Does he share my concern that some of the promises from East Sussex county council, especially about its disliked incinerator, have simply not been carried through? For example, it promised that the incinerator could be accessed by rail, but in reality every deposit will come by road, with a lorry passing through Newhaven every two minutes. What can the Government do to ensure that the county council pays some attention at least to the environmental effect of its actions?

Mr. Austin: We expect local plans to be based on a strong understanding of the potential for supplying energy to local developments by renewable and low-carbon technologies. We publish practice guidance to help do that and to show how it can be done.

Business Rates Revaluation

4. **Mrs. Jacqui Lait** (Beckenham) (Con): What impact assessment his Department has conducted in preparation for the 2010 business rates revaluation. [284340]

The Minister for Regional Economic Development and Co-ordination (Ms Rosie Winterton): As business rates revaluation is a regular exercise every five years, no impact assessment is carried out in preparation. However, an impact assessment of the transitional arrangements for the 2010 business rates revaluation will be published shortly, alongside a consultation document setting out the Government's proposals for a transitional relief scheme.

Mrs. Lait: I am grateful to the Minister for that answer, and I am sure businesses will be grateful too. In a recent survey that I conducted in Beckenham, 46 per cent. of small businesses said that they needed help already with business rates. Given that the threshold for the supplementary business rate is only £50,000, and the effect that that will have on small businesses, does the Minister agree that a revision of that level should be included, otherwise the Government will be accused of sneakily increasing the burden on small businesses?

Ms Winterton: In fact, the small business rate relief scheme is extremely effective. Overall, the assistance to businesses has been about £260 million in the past year. That is something that we introduced alongside a range of other measures to assist businesses during these difficult economic times, very often in the teeth of opposition from the Conservative party.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): No one in the House can be unaware of the difficulty of imposing additional costs on small businesses, in particular at this time. The other side of that, of course, is that businesses continue to make demands on local services, especially the emergency services—fire and police—and especially where premises may be empty for whatever reason. So whatever else happens in the present exercise, will the Minister ensure that while protecting the interests and the balance sheets of small companies, local authorities are properly compensated for any income forgone as a result of that effort to protect small businesses?

Ms Winterton: My hon. Friend makes an important point. Some £20 billion in business rates is collected and distributed to local authorities around the country. Given that the business rate increase is based on the retail prices index and that there was a spike from last September, we are introducing the transitional rate relief this year in order to ensure that there is not a big impact on businesses, while maintaining the income to the local authorities.

Justine Greening (Putney) (Con): This year business rate tax rises were so unaffordable that Ministers have had to introduce an emergency rates deferral scheme. Next year's revaluation could see thousands more struggling businesses hit again, just because of their location. If, in 2005, 700,000 properties saw their rateable values rise by 20 per cent. or more, how many businesses need to lose out in the 2010 revaluation before Ministers decide that their formula does more harm than good? If Ministers are not going to assess that impact, why not?

Ms Winterton: The hon. Lady made the same point in a recent debate. She still does not seem to understand that the system is based on legislation that was introduced by the previous Administration, and is based on a formula whereby business rates increase by the RPI. There is overall no greater collection of the business rates. It occurs to me that the hon. Lady has never said in any of her contributions what she would do. She knows how the system works, yet she comes up with nothing but empty accusations, and no plans whatever for the future.

Pennbury Eco-town

5. **Mr. Andrew Robathan** (Blaby) (Con): When he plans to announce his decision on the proposed Pennbury eco-town in Leicestershire. [284341]

The Minister for Housing (John Healey): I expect to make announcements in relation to Pennbury and other sites with the potential to be an eco-town before the summer recess.

Mr. Robathan: I thank the Minister for that answer. He will know that there is next to no local support for the Pennbury town idea, excepting that of the Co-operative Society—a situation that, I suggest, involves some conflict of interest with the Labour Government. He will know also that there is nothing ecological about building on a greenfield site and no demand for housing on that scale, so will he learn the lesson of past new towns—of building huge new towns without any existing infrastructure and of how unpopular they have been—and understand what a disaster the new town would be for the people of Leicestershire?

John Healey: As I come to make decisions on the matter, I will have the benefit of quite an extensive consultation, of additional assessments that have been undertaken, and of the opportunity that has been given to everyone, including residents in the hon. Gentleman's constituency and Members, to make their views known. I say to him very clearly that the links that any developer or company may have with any of those eco-town proposals and with any political party are simply not a material consideration in the decision that I take, and will not be.

Sir Peter Soulsby (Leicester, South) (Lab): May I urge the Minister, when he makes an announcement on Pennbury, to reject it firmly? The scheme will have a devastating effect on my constituency and on the city of Leicester in general—on transport infrastructure, in particular, and on regeneration investment in the city.

The scheme is based on ludicrously unrealistic projections of traffic and jobs and is, frankly, the wrong scheme in the wrong place.

John Healey: I hear what my hon. Friend has said.

Mr. Edward Garnier (Harborough) (Con): And the Minister will hear it again when, I hope, he permits me, the hon. Member for Leicester, South (Sir Peter Soulsby), my hon. Friend the Member for Rutland and Melton (Alan Duncan) and the right hon. Member for Leicester, East (Keith Vaz) to see him with an all-party delegation, as we have requested, to provide him with some of the facts of life about the popularity and utility of the scheme. It will be in my constituency and it will impose a town of 40,000 residents in the middle of rural Leicestershire. It is an idiotic scheme, and—Mr. Speaker, I shall be very brief—the sooner this Minister, who is the fourth such Minister to have to deal with the issue, realises that and promises not to make an announcement—

Mr. Speaker: Order. I think we have had enough, and can I just make the point that what one is seeking at Question Time is questions from hon. and right hon. Members?

John Healey: I may be slow sometimes but I get the message. I say to the hon. and learned Gentleman that there has been complete consultation and the decision-taking process is now under way. Just as when planning applications are called in, however, it would not be appropriate for me or any ministerial colleague to meet him or other Members. I reassure him, none the less, that I have an enormous amount of material and a wide range of representations, including from him, to take into account.

David Taylor (North-West Leicestershire) (Lab/Co-op): Notwithstanding the Minister's eventual decision on Pennbury, does he recognise that there is an acute shortage of affordable housing in the shire districts and boroughs of Leicestershire? Will he therefore suggest to me how we can encourage the reluctant landlords, which Tory district and borough councils often are, to take advantage of the new announcements that were made last week, rather than to spend their time coercing their tenants into a stock transfer or drumming their fingers waiting for the hon. Member for Welwyn Hatfield (Grant Shapps) to ride over the horizon—

Mr. Speaker: Order.

John Healey: My hon. Friend will realise and, I hope, welcome the series of announcements that I have made so far, building on the excellent work of my right hon. Friend the Member for Derby, South (Margaret Beckett). The further announcements that I plan to make are intended largely to remove the bias in the system against councils being able to build the homes that are needed in their area. So, there are some questions for my hon. Friend to ask of his council, and for every Member to ask of their local council. Why are local councils not building or commissioning the building that is necessary? Why are they not bidding for the funds that the Government are making available? Why are they not making the land available on which those homes could be built? Why are they not giving the planning permission for those homes to be built? And, indeed, why are they not going to make the lettings policies fairer in future?

Grant Shapps (Welwyn Hatfield) (Con): The Prime Minister launched the eco-town programme in a blaze of publicity in May 2007 and then upped it to 10 eco-towns, but here we are two years later and the Government are still consulting on the matter and still consulting about planning guidance. The small print of last week's draft legislative programme, however, revealed on page 122 that the towns have now been pushed back to 2020. So, will the Minister—the fourth to have been across the Dispatch Box from me—now just admit that the programme is a shambles, that developers are running scared, that judicial reviews have delayed it, that it will require massive public subsidy when the coffers are bare and that the Government's own environmental advisory panel said that, at best, only one eco-town was environmentally friendly? Is it not time that this Housing Minister, the ninth since the Government came to power, admitted that the unpopular eco-town programme is a complete shambles and scrapped it?

John Healey: On the contrary. I ask the hon. Gentleman to be a little patient; I have said to the House that I expect to make an announcement before the recess, and I have not yet finished four weeks in the job. Eco-towns give us the opportunity to meet two needs: first, the need for new homes, including those that people can afford to rent; and secondly, the need to build our homes in future in a way that helps us tackle the threat of climate change. Given that more than a quarter of the total carbon emissions in this country come from homes, that is something that we simply must do.

Regional Spatial Strategies

6. **Mr. Colin Breed** (South-East Cornwall) (LD): What recent representations he has received on the timetable for further reviews of regional spatial strategies. [284342]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Shahid Malik): The Department has had a number of recent representations from Members on the timetable for further reviews of regional spatial strategies. Margaret Beckett—*[Interruption.]* Sorry.

Mr. Speaker: Order. I think that the Minister meant the right hon. Member for Derby, South (Margaret Beckett).

Mr. Malik: My right hon. Friend the Member for Derby, South (Margaret Beckett) answered questions in the House on the point on 2 June 2009. In addition, the regional spatial strategy for the south-west has been subject to extensive consultation; there were 35,000 responses on its proposed changes.

Mr. Breed: I thank the Minister for that response. The vast majority of those 35,000 responses opposed the building of 68,500 houses in Cornwall. Is it not time to scrap the targets and provide the funds to local authorities, which can build the affordable housing in the places where it is most needed?

Mr. Malik: The hon. Gentleman misses the point about regional spatial strategies, which are absolutely essential in ensuring that the Government meet their

target of 240,000 extra homes by 2016. He should support that, given that 161,000 people in his region alone are on the waiting list for homes.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): When my hon. Friend is considering the strategies, will he emphasise the importance of dealing with climate change, and take it into consideration more than nimbyism?

Mr. Malik: That is precisely why the regional spatial strategies—and, shortly, the regional strategies—are being developed. They are to ensure that there is an integrated, holistic approach that takes stock of the challenge of climate change.

Robert Neill (Bromley and Chislehurst) (Con): Does the Minister not see the irony? In July 2007, the Prime Minister told the House:

"we will continue robustly to protect the land designated as green belt."—[*Official Report*, 11 July 2007; Vol. 462, c. 1449.]

In May this year, the east of England regional plan was struck down by the High Court because, to use the judge's words, it would

"erode the Green Belt without alternatives being considered"

and because there was a lack of a proper strategic environmental assessment. The south-west regional plan has just been indefinitely withdrawn by the Government after the High Court gave an identical ruling, and judicial reviews have now been launched on the same grounds against the south-east regional plan.

The Minister is new to his post. Would it not be a good idea to take this opportunity to scrap the derailed and discredited regional spatial strategy system, the Prime Minister's discredited promise, or both?

Mr. Malik: Seldom have I heard such a lot of rubbish in such a short space of time. The regional spatial strategies are crucial in ensuring that we get the housing outcomes that we want. With respect to the east of England judgment, small procedural elements needed to be readdressed, and the issue has been remitted to the Secretary of State. We will put it right and we will learn the lessons from the east of England and apply them to the south-west. We will move forward.

Since 1997, the green belt has decreased by 0.8 per cent. However, if we take the New Forest national park into account, there has been a 2 per cent. increase since that year.

Council Rental Income

7. **Mr. Fabian Hamilton** (Leeds, North-East) (Lab): What steps he is taking to allow local authorities to retain rental income from new council homes; and if he will make a statement. [284343]

The Minister for Housing (John Healey): On Tuesday last week, I made a statement to the House confirming that from that day councils would be able to keep in full all the rental income and capital receipts that come from any new homes that they build.

Mr. Hamilton: I thank my right hon. Friend for that answer. Does he agree that the changes that he has made would allow Leeds city council to regenerate one of the most deprived housing estates in the north of England—the Beckhill estate in my constituency? Will he agree at some later stage to visit that estate to see it for himself?

John Healey: I will certainly see whether I can fix a date—although my diary secretary will not be pleased that I am saying this—to visit the estate and accompany my hon. Friend in doing so. I hope that he will give every encouragement to the Tory and Liberal-led Leeds council to bid for the funds to build the new homes that people in Leeds need. I have been encouraged by the fact that it is one of the 20 local authorities that have signalled their intent to bid in the first round for the money that we will make available from the end of July.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Minister not accept that these changes—which, by the way, I warmly welcome, as I believe in meaningful local government with a full range of responsibilities—have come too late to prevent what was then Macclesfield borough council from being forced to transfer its housing stock to a housing trust? Will he ensure that in future housing remains within the democratic domain so that it is democratically accountable and local people can decide where houses are built, instead of leaving it to an unelected, somewhat bureaucratic organisation?

John Healey: I thought for a moment that we were going to re-run some of the arguments that the hon. Gentleman and I have had about local government reorganisation in Cheshire. The point that he makes is, in different terms, consistent with what I explained to the House earlier—that part of the purpose of the changes that I have announced is to remove the bias in the system that prevents councils, and has done for more than two decades, from building in order to meet the needs in their area. From this point on, councils will be better able, on a fairer basis, to build in the same way that housing associations have been able to do in recent years.

Independent Local Government

8. **Mr. Graham Allen** (Nottingham, North) (Lab): If he will bring forward proposals to establish constitutionally independent local government; and if he will make a statement. [284344]

The Secretary of State for Communities and Local Government (Mr. John Denham): As my hon. Friend knows, the statutory independence of local government is set out in various Local Government Acts, and we are committed to the principle of local self-government. I want to ensure that we have the right balance of power and responsibility between central and local government, and I will shortly launch a consultation that will explore those issues. I want, in particular, to explore how democratically elected local authorities can influence all public spending on public services in their area.

Mr. Allen: In finding the right balance to set local authorities free from what is, in effect, the most heavily centralised state in the democratic nations of the world, will my right hon. Friend take this opportunity perhaps to join Conservative Front Benchers and stop chaining

local government, to set it free, and to allow it both the powers and the finance to look after as much of its own affairs as is possible?

Mr. Denham: I think that my hon. Friend will accept that we have done a great deal to give powers to local authorities: they have had the three-year funding settlement, the amount of ring-fencing has been reduced, and the number of targets has been reduced. As I said earlier, I now want to embark on the next stage by ensuring that local authorities have the powers that mean that when somebody elects a local councillor they are electing someone who can genuinely influence public services in their area. However, it is also important that there are some minimum entitlements to the quality of service. We need to ensure that we balance the rightful, powerful place of local authorities with people's rights to decent services, wherever they live.

Mr. John Gummer (Suffolk, Coastal) (Con): If the right hon. Gentleman is straightforward in this—and I am sure that he is—will he look carefully at the democratic deficit that would occur if there were a reorganisation of local government in Suffolk, which would mean either that the county of Suffolk took away the powers from locally elected people and covered an area stretching from Mildenhall across to my constituency instead of having real local authorities, or a change to an invented local authority with which nobody has any connection at all?

Mr. Denham: I obviously hear what the right hon. Gentleman says. He knows that I am awaiting the report of the inquiry into that matter, and it would not be appropriate for me to comment, but I assure him that Ministers will give proper consideration to the results of those considerations.

Migration Impacts Fund

9. **Mr. Bruce George** (Walsall, South) (Lab): How many applications his Department received for funding under the migration impacts fund; and if he will make a statement. [284345]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Shahid Malik): I am pleased to say that we received some 330 proposals for funding. My right hon. Friend the Secretary of State will shortly announce the successful projects.

Mr. George: I am delighted that money is being made available—largely, I might say, provided by classes of migrants themselves. Can the Minister indicate not just the advantages accruing to migrants themselves but the general societal advantages of the migration impacts fund?

Mr. Malik: My right hon. Friend is right to point out that the fund is derived from increases in immigration fees and is intended to alleviate pressures on local services from transitional changes. There are a number of examples of projects we would like to fund that would benefit the whole community. One is tackling rogue landlords, which would have a direct impact on both migrants and other people in the neighbourhood and the community. That is the principle on which we are approaching the funding.

Council Tax

10. **Andrew Stunell** (Hazel Grove) (LD): When he next expects a revaluation of domestic properties for council tax purposes to take place; and if he will make a statement. [284346]

The Minister for Regional Economic Development and Co-ordination (Ms Rosie Winterton): We will not be considering whether or not there will be a council tax revaluation until at least 2010-11.

Andrew Stunell: Conventionally, one thanks a Minister for their answer, but may I say that it was very disappointing, especially for my constituents? They are increasingly puzzled and angry at a local tax system based on a 15-year-old valuation of their homes, which has no contact with current realities, equity or their ability to pay. Does the Minister and the Secretary of State not accept the urgent need for a new, fairer system based on the ability to pay, which would allow local councils to deliver good services at a fair cost?

Ms Winterton: I suspect that the hon. Gentleman is referring to the local income tax, which Michael Lyons looked at but did not recommend for a whole host of reasons, including the risk of substantial increases for the working population, the cost burden on employers and the particular impact on small businesses. Yet again, that is an example of a Lib Dem policy that, while professing to do one thing, has quite the opposite effect.

Mr. David Drew (Stroud) (Lab/Co-op): In advance of any major revaluation, will my right hon. Friend consider encouraging local authorities that want to offer council tax discounts for householders and businesses that have introduced energy-efficiency measures and microgeneration? In one fell swoop, that would deal more quickly with the problems of climate change than anything else that could be done.

Ms Winterton: My right hon. Friend the Secretary of State is consulting on powers for local authorities, particularly with regard to low-carbon strategies. A number of local authorities are also innovatively considering, during these difficult economic times, how they can link energy-efficiency measures with stimulating the local economy and employing local people. That is exactly the sort of interventionist approach that we think is correct.

Listing Applications (Planning)

11. **Richard Younger-Ross** (Teignbridge) (LD): How many planning applications involving demolition or partial demolition of a building for which an application for listing has been made have been submitted in the last 12 months; and if he will make a statement. [284347]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Ian Austin): These statistics are not collected. It would be difficult to do so, since planning applications are made to local planning authorities and listing applications are made

to English Heritage. Planning permission is not in any case generally required to demolish an unlisted building outside a conservation area.

Richard Younger-Ross: I thank the Minister for his answer. English Heritage reckons that five properties pending listing have been demolished in the past year. The problem of pre-demolition while listing is being considered is recognised by the Government, who sought to bring in measures for interim protection in their Heritage Protection Bill. That Bill is still on hold. Can they say when they will bring in measures, either as a stand-alone Bill to introduce interim protection, or through the Heritage Protection Bill, which is not controversial and has the majority support of Liberal Democrats and Conservatives?

Mr. Austin: Given the hon. Gentleman's background in architecture, he has made himself something of an expert on the matter. I agree that it is important to protect such buildings. He is right that a requirement for interim protection for heritage assets, which are the subject of an application for designation, was included in the Heritage Protection Bill last year, and we will introduce such a requirement when there is a suitable legislative opportunity.

Social Housing

12. **Linda Gilroy** (Plymouth, Sutton) (Lab/Co-op): What plans he has to increase the supply of social housing; and if he will make a statement. [284349]

The Minister for Housing (John Healey): During the recession, we take the view that the Government have a responsibility to maintain the building of homes that people can afford and create some of the jobs that will help the country through it. That is why we announced last week an extra £1.5 billion to support building such homes, more scope for local authorities to manage their allocation policies in future and a bigger role for local government. That means more homes, fairer lets and meeting local needs.

Linda Gilroy: I thank my right hon. Friend for that response and greatly welcome the Government's continued commitment to investing in social housing. I am sure he realises that Plymouth is no exception to the pressing demand for more social housing. Does he also envisage a role for community land trusts in filling the gap in affordable and social housing?

John Healey: There may indeed be a role for community land trusts in some areas. For example, in Plymouth, the Devonport new deal for communities is considering developing that sort of arrangement. We believe that community land trusts have an important part to play, and that is the reason for legislating last year in the Housing and Regeneration Act 2008, and for the availability of funding under the national affordable housing programme. We should respond to the consultation shortly.

Mr. Nicholas Soames (Mid-Sussex) (Con): Will the Minister acknowledge that there is an urgent requirement for more affordable housing in my constituency and many others in the south-east, but that the infrastructure simply does not exist to support it on the planned scale? Will he consider what can be done to increase the share of Government expenditure on infrastructure in the south-east, which currently receives an unfair deal from the Government?

John Healey: The hon. Gentleman raises a broader question about funding for local councils, but he also gets to the heart of the matter. If he believes that his area needs more homes that people can afford to buy and rent, his council needs to play a part in the building programme that we are setting up—I hope he will urge it to do that and encourage it to bid. I also hope that he will make representations to his Front Benchers so that those budgets will not be cut in future.

House Repossessions

13. **Derek Twigg** (Halton) (Lab): What steps he has taken to assist people under threat of repossession to remain in their homes during the economic downturn. [284351]

The Minister for Housing (John Healey): To help people who may be threatened with repossession, we have put in place advice and support at every stage of the process—from free debt advice when they first get into trouble, to free legal advice and representation should their case end up in court.

Derek Twigg: I thank my right hon. Friend for that answer. The claimant count in Halton for May was up 88 per cent. on this time last year; we have almost the worst unemployment rate in the north-west. Is it not therefore essential that when the Government give help to people to remain in their homes, or help with social housing, areas such as mine, which are suffering much more than others, get priority?

John Healey: We are trying to do two things. First, we want to ensure that there is support for everyone, wherever they are, who may run into problems. Secondly, given the unemployment pressures in my hon. Friend's constituency, he will welcome our changes to support for mortgage interest, which have doubled the capital limit and shortened the period for which people have to wait for that support. I am sure that he will also welcome the money that has gone through his local authority towards debt advice, as well as help in the courts. At no stage, including when the case comes to court, is a repossession a foregone conclusion.

Local Authority Leaseholders

14. **Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): What his most recent estimate is of the number of local authority leaseholders facing financial difficulties with major works bills. [284352]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Ian Austin): Information on the individual financial circumstances of the estimated 230,000 local authority leaseholders in England is not available. However, it is estimated that at least 6 per cent. of local authority leaseholders in London have received major works bills for £10,000 or more.

Ms Buck: May I emphasise again to my hon. Friend the predicament of many council leaseholders in Westminster, some of whom are about to receive bills for up to £58,000? Let me also stress to him that over the years, the local authority and the Government have been pressing home ownership on tenants, yet in some cases they are now being expected to pay bills the repayment of which will total more than their net earnings. Please may I meet Ministers again to discuss what can be done to assist those people and prevent them from risking losing their homes?

Mr. Austin: I congratulate my hon. Friend on the fantastic job that she does in speaking up for her constituents on this issue, and on the work that I know she has done on it for a long time. I know how concerned she is about it, and I can tell her that the Department has been keeping it under review. I know, too, that she and other Members wrote to my predecessor to propose a number of measures. I would welcome the opportunity to meet her and other colleagues who have been campaigning on the issue.

Topical Questions

T1. [284360] **Mr. Edward Timpson** (Crewe and Nantwich) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Communities and Local Government (Mr. John Denham): I would like to refer to the tragic fire that occurred in Camberwell on Friday afternoon. I am sure that the House will wish to join me in offering sympathy to all those affected and, in particular, condolences to those who have lost loved ones. My hon. Friend the Member for Dewsbury (Mr. Malik), the Minister responsible for fire and rescue, met London fire brigade's incident commander yesterday afternoon to hear about the fire for himself. I would like to take this opportunity to place on the record our gratitude to the fire and rescue service and to other emergency services for the professionalism and bravery that they showed in responding to that distressing situation.

The House will be aware that the fire is being investigated by both the police and the fire and rescue service, but at this stage it would be wrong to draw premature conclusions. However, the public will want to know that they will be kept fully informed. I have asked Sir Ken Knight, the Government's chief fire and rescue adviser, to report back to me urgently as conclusions emerge from the investigations and inquiries that are under way.

Mr. Timpson: I am grateful for that answer. Let me turn to a more local issue for my constituency. In Crewe and Nantwich, as across the rest of the country, the quality of public pavements is a continuing problem. The issue came to the fore earlier this week when one of my elderly constituents tripped and fell, breaking her wrist and suffering serious facial injuries, which, sadly, is an increasingly all too frequent occurrence. Does the Secretary of State support my view, and that of the Crewe and Nantwich safer pavements action team, that a difference in level of 25 mm between paving stones is too great and that the threshold for deciding—

Mr. Speaker: Order. I am sorry for the hon. Gentleman, but the question was far too long. I am sure that the reply will be a lot shorter.

Mr. Denham: This is not a subject that I have yet had the opportunity to look at in detail since I took up my post, but as I recall, the difference in level was originally established by the courts rather than by primary legislation. I have every sympathy for anybody who has suffered in that way, but the need for local authorities to invest in and maintain pavements is important, and it would be harder to do that if the kind of cuts proposed by the hon. Gentleman's party—£1 billion from my Department alone—were made.

Several hon. Members *rose—*

Mr. Speaker: I call Fiona Mactaggart.

Fiona Mactaggart (Slough) (Lab): Thank you, Mr. Speaker. *[Interruption.]* I am impressed at being called after invisibly standing up to catch your eye, although I was standing up to catch your eye earlier. My urgent question is this. The Government have announced extra investment in public housing. Will they ensure that they invest in those local authorities that are ready to dig, such as Slough, where tenants will get houses more quickly than in areas where the local authority will spend a lot of time complaining about infrastructure but not doing anything?

Mr. Denham: Let me reinforce the point made by my right hon. Friend the Minister for Housing. The challenge and the opportunities are now there for local authorities to show leadership. We are providing the funding and changing the rules, and I certainly want to see the money going to those places with housing needs where the local authority is prepared to step up and meet that challenge.

T2. [284361] **Mr. Mark Harper** (Forest of Dean) (Con): I have given notice of this question to the private office of the Minister for Regional Economic Development and Co-ordination. A group of my constituents in Bromesberrow parish have written to me about certain charges that have hit their parish as a result of the independent auditor responding to a particular constituent. This has meant that their parish precept has gone up by 45 per cent. in the past year, which they find disproportionate and unreasonable. Has the Minister had a chance to look at the correspondence that was sent to her predecessor, the right hon. Member for Wentworth (John Healey), to see whether the Government could introduce any measures to fix the problem?

The Minister for Regional Economic Development and Co-ordination (Ms Rosie Winterton): I believe that the correspondence was dated 26 June. I have not yet looked at it, but I will do. I know that concern has been expressed in the hon. Gentleman's constituency about this issue. There are perhaps quite a small number of such cases. This is a difficult question, but we do not want to make it harder for people to object in the circumstances he has outlined. However, I will certainly look into the matter and into what the Audit Commission has said, and I will respond in writing to the points he has raised.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): Does my right hon. Friend agree that a shortage of social housing is more likely to be the fault of Tory authorities such as Hammersmith and Fulham—last month, it announced plans to demolish 3,500 newly modernised social homes—than of new immigrants to the country, who, according to an Equality and Human Rights Commission report today, occupy only 2 per cent. of council homes?

Mr. Denham: My hon. Friend is quite right to put the responsibility on local authorities. We shall see whether the local authorities that have in the past talked the talk, but not been prepared to take any action to produce social housing, will now respond to the investment and the challenge that the Government have laid down.

T3. [284362] **Miss Anne McIntosh** (Vale of York) (Con): Is the Secretary of State aware that his Department stands between the Government's commitment on landfill diversion and the one new major facility that will be required every day for the next four years in order to meet landfill requirements? What is he going to do to speed up the planning process in this regard?

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Ian Austin): I can tell the House that, despite the fantastic induction that I have received over the past few weeks, I was not aware of that point. I will, however, be very happy to meet the hon. Lady to discuss the matter in more detail if she would like to do so.

Joan Walley (Stoke-on-Trent, North) (Lab): I welcome the boost that the Government have given to councils building more council housing, but will the Government look urgently at the Co-operative party's proposals for mutual home ownership, whereby home investments and pension funds could be used to ensure that those on modest incomes who cannot afford to buy a home can get on to the housing ladder?

The Minister for Housing (John Healey): I will certainly look at that. In general terms, I am ready to look at and back anybody and any organisation that is prepared and able to get homes under way, so that people who need them have the opportunity to buy or rent them at a level they can afford.

T4. [284363] **Paul Rowen** (Rochdale) (LD): It is now five months since the Government's extended consultation on the local authority business growth incentive scheme closed, and we are four months into the financial year. Given that the money involved is meant to incentivise regeneration, and that we are in a recession, when are the Government going to release that money to local authorities?

Ms Winterton: As soon as possible. I am discussing the final details with Treasury Ministers, and we will make an announcement in the next few weeks.

Ms Dari Taylor (Stockton, South) (Lab): Will one of the Ministers outline to the House how the future jobs fund will work? It is a project that has been put together by the Department for Communities and Local Government and the Department for Work and Pensions. Will the Minister also make it clear to the House that bids from local authorities will be supported only if they include value added—as Stockton's does—and if the jobs they make available will be permanent?

Mr. Denham: The future jobs fund is an enormously important initiative by the Government to ensure, in particular, that there are jobs for young people who have been out of work for a long time, and for others in areas of high deprivation. Bids to the future jobs fund are being assessed at the moment, and the criterion that they should involve jobs that will last is clearly part of the process. I should also point out that this initiative is part of the Government's fiscal stimulus, and that our response to unemployment and the recession is possible only because of the wider measures that the Government are taking.

T5. [284365] **Mr. John Whittingdale** (Maldon and East Chelmsford) (Con): Does the Minister accept that the blanket requirement to find 3 per cent. a year efficiency savings is particularly difficult for smaller local authorities such as Maldon district council? Will he confirm that there may be some flexibility in the imposition of that target that takes account of the size of the authority, as well as of its record in having already achieved savings?

Mr. Denham: That is an interesting question coming from someone who advocates a 10 per cent. cut in local government expenditure, which would have cut my Department's budget by £1 billion this year. There is a responsibility right across local government, as in other areas of government, to achieve the maximum efficiency and the best possible value for money for our citizens. I believe that the targets we have set are achievable, but I have to say that the destruction that the hon. Gentleman would wreak on local government is something we do not want to see.

Mr. Neil Turner (Wigan) (Lab): May I tell the Housing Minister how warmly welcomed his statement was last week on the housing subsidy account? May I also urge him to ensure that any changes he makes will enable excellent four-star councils such as Wigan to build on the 80 council houses it will be placing in the Scholes area of Wigan, so that there are more of them in future?

John Healey: My right hon. Friend the Secretary of State visited Wigan just 10 days ago. Both he and I are clear that Wigan is a first-rate authority and we are pleased that it wants to take maximum advantage of the new freedoms and the new funding we are ready to make available to help councils build. I hope that my hon. Friend will work with his council to make the most of the opportunities we are now creating.

T6. [284367] **Mr. Andrew Robathan** (Blaby) (Con): May I take the Secretary of State back to the proposal to foist a new town on the people of Leicestershire at Pennbury? Will he answer a philosophical question? What is eco-friendly or environmentally friendly about building 40,000 new homes in pristine and attractive Leicestershire countryside without any infrastructure to support them?

Mr. Denham: I have every confidence in how my right hon. Friend the Minister for Housing is handling this issue, and I am not going to comment on the particular

proposal. In listening to this debate, however, I regret the lack of imagination so often shown by those who cannot grasp the importance of understanding how we use planning, housing and urban development to ensure that we provide good-quality communities at the highest environmental standards for the future. Too many of the critiques seem to be opposed to the entire idea, rather than to particular individual proposals.

Mr. David Anderson (Blaydon) (Lab): All Members must regret the fact that workers throughout the country are suffering job cuts, pay cuts and short-time working, but does the Secretary of State agree that that should not be used as a reason or excuse to cut the terms and conditions of local government workers?

Mr. Denham: I want to pay tribute to local government workers for the job they do, as I was also able to do at the Local Government Association conference last week. Local government workers are in discussions with their employers, the local authorities, at the moment. Those discussions have to take place in the light of the three-year financial settlement and the expectations of council tax payers for reasonable settlements. I certainly regard the job that local government workers do as essential, and I believe that the rising public appreciation of local services that we have seen in recent surveys is down to their efforts and their commitment.

T7. [284369] **Andrew Stunell** (Hazel Grove) (LD): Why are the proposals in the Department's consultation paper on building regulations published last week so timid in respect of controlling the energy performance of existing buildings, when that is so clearly vital for any sensible climate change strategy?

John Healey: It is indeed important in tackling climate change, but I am disappointed that the hon. Gentleman cannot see that these proposals are a step in the right direction. I shall take his comments as an early representation and submission to the consultation.

Rosie Cooper (West Lancashire) (Lab): I appreciate the Secretary of State's position, but will a Minister please comment on the fact that my constituents view with great suspicion the fact that Tesco has begun to buy up property in the centre of Kirkby ahead of the determination of a recent planning appeal? If this disastrous scheme were to go ahead, it would be seen by my constituents purely as legalised bribery.

Mr. Denham: I can understand why my hon. Friend, who represents her constituency so assiduously, wishes to raise this issue, but she will understand, given where things are in the planning process, that no Ministers can respond in public on this matter—but we do hear what she says.

Sarah Teather (Brent, East) (LD): While I welcome the Government's conversion on the issue of the housing revenue account and their commitment to dismantling the system, it concerns me that there appears to be no mechanism to enable that to be done. Why have the Government not been willing to include a Bill in the draft legislative programme to get rid of the HRA system and extend that arrangement beyond just new houses, as the Minister suggested in his earlier answer would happen?

John Healey: I hope that the hon. Lady can wait until the end of the month, when I will set out in a detailed consultation document the plans we have and the steps we will take. There will be a timetable for the reforms that we need to introduce in order to do what I set out to do—dismantle the system, but do as much as we can in advance of the legislation that will be required.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): Does my right hon. Friend accept that my hon. Friend the Member for West Lancashire (Rosie Cooper) ought to spend more time worrying about the development of her own town centre rather than, as she seems to be doing, preventing £400 million of investment from going into Kirkby?

Mr. Denham: You will understand, Mr. Speaker, why this is a matter on which I did not wish to comment in public.

Points of Order

3.31 pm

Mr. Bernard Jenkin (North Essex) (Con): On a point of order, Mr. Speaker. Today the Ministry of Defence issued a written statement. While I have no doubt that that was perfectly in order, the statement contained the sensational announcement that the Government were making preparations for a strategic defence review. They have resisted calls for such a review for some considerable time. While this may be within the letter of your admonition that the House of Commons should hear major policy announcements first, Mr. Speaker, do you really believe that it is within the spirit of your admonition? Are there any means that you can use to bring a Minister to the House to make an oral statement? Alternatively, will you allow an urgent question on the topic tomorrow?

Mr. Speaker: The first response to the hon. Gentleman is simply stated. It is for Ministers to decide which orderly method of making their announcement they choose to deploy, and, on the hon. Gentleman's own admission, what the Government have chosen to do is perfectly in order. The second response—which I think may be of interest and encouragement to the hon. Gentleman, who takes a keen interest in these and related matters—is that Defence questions will take place next Monday, and he may find a suitable opportunity to explore the point then.

Mr. Mark Harper (Forest of Dean) (Con): On a point of order, Mr. Speaker. This morning I received a reply to a letter from Lord Myners, the Financial Services Secretary, dated 2 July. I had written to him on 3 December. To be fair to the Department, an apology from the permanent secretary was attached to the letter, but given that the Department aims to respond within 15 working days and the reply has taken seven months to arrive despite two chases from my office, I really do not think that this is in order. I know that the permanent secretary said that the Department is introducing measures to deal with the problem, but it would be helpful if you could make it clear to Ministers that such delays are simply not acceptable.

Mr. Speaker: I am grateful to the hon. Gentleman. I am glad that he has raised that point of order. He will be aware of the premium that I attach—as, I know, do a huge number of Back Benchers—to timely responses both to written parliamentary questions and, indeed, to letters.

I think it fair to say that the hon. Gentleman has a legitimate grievance. He has suffered a lengthy delay. I hope that that delay is coming to an end, and that such an example of bad practice will not be repeated. The hon. Gentleman will be pleased to know that Treasury Ministers were present to listen to his point of order.

Mr. Christopher Chope (Christchurch) (Con): On a point of order, Mr. Speaker. You will recall that on 16 March this year the House resolved

"that the UK Youth Parliament should be allowed for this year alone to hold its 2009 annual meeting in the Chamber of this House."—[*Official Report*, 16 March 2009; Vol. 489, c. 742.]

You will also know that the annual meeting of the Youth Parliament takes place between 24 and 27 July at the University of Kent at Canterbury, and that it will not now take place in the House. [HON. MEMBERS: "Hear, hear."] I am delighted that some of my hon. Friends think that that is good news.

My point of order is this, Mr. Speaker. I understand that there are proposals afoot for a meeting of the Youth Parliament to take place in the Chamber on Friday 30 October. Although that date does not fall in the recess, it is a non-sitting Friday, and a good deal of disruption could potentially be caused. Will it be necessary, Mr. Speaker, for the House to consider a fresh motion before such a course can be taken?

Mr. Speaker: The hon. Gentleman is a very experienced hand and knows very well—he referred to it at the start of his point of order—that the House has made a decision on the question of whether the Youth Parliament should be able to hold a debate here. The hon. Gentleman was present at and a contributor to the debate on that matter in March. I know that he would not seek for one moment to inveigle me into repeating a debate that we held some months ago. As a point of clarification, it might be of interest to the House to know what I understand to be the case; namely that the annual meeting of the UK Youth Parliament is indeed taking place later this month—I believe in the county of Kent—but that that is a quite separate matter from the special occasion of the debate in this House upon which the House agreed earlier this year.

Mr. Chope *rose—*

Philip Davies (Shipley) (Con) *rose—*

Mr. Speaker: I will take a point of order from the hon. Member for Shipley (Philip Davies), but I know that he will not want for one moment to continue the argument or to indulge in excessive or even tedious repetition.

Philip Davies: Further to that point of order, Mr. Speaker. I am seeking further clarification. The House resolved that the UK Youth Parliament should be allowed for this year alone to hold its 2009 annual meeting in the Chamber of the House. Surely if it is not going to have its annual meeting in the House, a new resolution will be needed.

Mr. Speaker: I do not think that there is any immediate prospect or likelihood of reversing the decision that the House made. I am quite happy to look both at the text of what was agreed and at the title of the event that is to take place in Kent. I know that the hon. Gentleman has a fastidious concern for correctness in these matters and that is something we can do our best to satisfy. But we cannot and will not rerun old debates. I know that the hon. Gentleman would not want that for one moment.

Parliamentary Commissions of Inquiry

Motion for leave to introduce a Bill (Standing Order No. 23)

3.36 pm

Mr. David Heath (Somerton and Frome) (LD): I beg to move,

That leave be given to bring in a Bill to make provision for establishing a commission of inquiry subsequent to a resolution of Parliament into matters relating to the conduct of a Minister of the Crown; to make further provision for establishing a commission of inquiry into particular events which have or may have occurred and which have caused, or are capable of causing, public concern; to set out the procedures for setting up such a commission of inquiry, its powers, rights and privileges; to amend the Inquiries Act 2005; and for connected purposes.

The Bill is partly a response to the setting up of the Iraq inquiry and the excellent debate in the Chamber the week before last. It is partly an attempt to look ahead and to prepare the House for any eventuality that we may have to face. But principally it is a Bill to enable Parliament, in at least one respect, to assert its authority, to remove its assumed metaphorical cringe to the Executive and to stand on its own two feet. That is a worthwhile objective in itself.

Mr. Speaker, you will recall the problems that were identified in the debate on the Iraq war inquiry: the very long delay in setting up the inquiry at all, subsequent to the decision of the Prime Minister; the lack of openness that was originally suggested in the way in which the inquiry was to be conducted; and the deficiencies of process, with many hon. Members being worried about the inability to take evidence under oath and the inability of the inquiry to have the power to summon witnesses. There were concerns about the composition of the commission of inquiry—not those who were asked to join, but those who were omitted and the particular areas of expertise that they might have brought—as well as about the terms of reference and about the timetable for report.

Some of those were subsequently dealt with as a result of the debate that we had in the House. The concerns were addressed by a process of retreat on the part of the Prime Minister, communicated by correspondence to the chairman of the inquiry. I am not sure that that was an entirely sensible way of dealing with the matter; nevertheless, it may have produced at least some potential remedies. But the issue is this: when we need an inquiry because of a matter of great public concern, it should be this House that takes the decision, not a member of the Executive and not a Minister. This has been known for a very long time. Lord North is not often quoted as a model for parliamentarians or for Prime Ministers but in 1774 he referred to this House as

"the grand inquest of the nation…our very clear duty as members of this House is to undertake the very difficult, the very painful, the very meritorious task of watching our Ministers, of reprehending them, of blaming and calling them daily to account."

That is a succinct expression of our duty, and, in extremis, part of the way in which we fulfil it is by setting up a public inquiry, or at least it was; there is a long history of this House having set up commissions of inquiry in earlier years. That was formalised under the Tribunals of Inquiry (Evidence) Act 1921. I do not defend every aspect of that Act; it had problems in procedural terms and parts of it were certainly capable of amelioration, but it nevertheless provided a clear power for the House to set up a commission of inquiry.

That then began to be questioned by the Government when they were looking forward to introducing legislation in this area. The Select Committee on Public Administration, to which I owe a great debt of gratitude in preparing my Bill, looked at this in its first report of 2004-05. It stated that

"in future inquiries into the conduct and actions of government should exercise their authority through the legitimacy of Parliament in the form of a Parliamentary Commission of Inquiry composed of parliamentarians and others, rather than by the exercise of the prerogative power of the Executive."

Needless to say, the Government did not agree with that view; it will not surprise many Members to learn that they did not feel that it was right for Parliament as a body to be held to be superior to the prerogative powers of the Executive. Therefore, in the dying days of the last Parliament, they brought forward the Inquiries Act 2005, the effect of which was to repeal the 1921 Act and to remove entirely the formal role of Parliament in setting up public inquiries. I think that that was fundamentally wrong-headed, because there are 1,001 reasons why Ministers may not wish there to be a public inquiry into aspects of their conduct or the conduct of others in their control. There are so many reasons for them to delay, obfuscate or misdirect, rather than to have the searching after truth that a properly constituted public inquiry can provide.

We should also remember that public inquiries often look into the actions of public bodies, of which Ministers are hardly disinterested observers; they have a responsibility there, so of course it is often not in their interests to set up a formal inquiry. I believe that were such inquiries to be set up under the authority of Parliament, they would have more legitimacy and the public would have more confidence. The PAC returned to this matter in its ninth report of 2007-08, and recommended the provision of a mechanism for setting up such an inquiry.

That is the format on which my Bill rests. By amending the 2005 Act, it would restore powers in the 1921 Act to Parliament, although not in precisely the same form. It equips an inquiry to do its job effectively, enabling Parliament to confer the powers that an inquiry would need to take evidence under oath, to compel witnesses, to ensure that it has the papers before it, to ensure that its composition is appropriate to the task, and to ensure that wherever possible it takes its evidence in public so that the general public have the confidence that their interests are being properly represented. The parliamentary mechanism for the setting up of an inquiry requires a majority of this House, so it is not open to mischief—people will not be able to set up inquiries on spurious grounds, for instance—because a majority of this House is required, and a majority of this House will normally support the Government of the day unless there is a high level of public anxiety.

I believe that this House has a specific job to do on behalf of the nation. That job is to speak for, and ask questions on behalf of, the public. Sometimes we can do that within this Chamber. Sometimes we can do it in our Select Committees and they are the appropriate way of looking into matters in more depth, but at other times those Committees can find obstacles put in their way, as the Select Committee on Foreign Affairs found

when it carried out its own inquiry into the lead-up to the Iraq war. When that is the case, it is sometimes necessary, in order to restore faith in democratic principles within this House and to allow the public to have sight of the truth, to set up a properly constituted commission of inquiry. When we do that, it should be in the hands of this House and this Parliament, not those of that Executive. That is why I believe this Bill is so important and why it has garnered the support of so many hon. and right hon. Members on both sides of the House, and it is why I hope the House will allow it to go forward today, so that we can perhaps make progress, even in the short time left available in this Session of Parliament, towards restoring some faith and credibility in this House.

Question put and agreed to.

Ordered,

That Mr. David Heath, Dr. Tony Wright, Mr. Michael Howard, Sir Menzies Campbell, Mr. Graham Allen, Mr. Iain Duncan Smith, Sir Alan Beith, Angus Robertson, Andrew Mackinlay, Mr. Richard Shepherd, Paul Rowen and Sir Nicholas Winterton present the Bill.

Mr. David Heath accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October, and to be printed (Bill 130).

FINANCE BILL (WAYS AND MEANS)

Resolved,

Transfers of trade to obtain terminal loss relief -

That provision may be made in the Finance Bill for disapplying section 393A(2A) of the Income and Corporation Taxes Act 1988. —*(Mr. Timms.)*

Finance Bill

Consideration of Bill, not amended in the Committee, and as amended in the Public Bill Committee

New Clause 8

TRANSFERS OF TRADE TO OBTAIN TERMINAL LOSS RELIEF

'(1) In section 393A of ICTA (set off of losses against profits of same or earlier accounting period), after subsection (2D) insert—

"(2E) But subsection (2A) above does not apply by reason of a company ceasing to carry on a trade if—

(a) on the company ceasing to carry on the trade, any of the activities of the trade begin to be carried on by a person who is not (or by persons any or all of whom are not) within the charge to corporation tax, and

(b) the company's ceasing to carry on the trade is part of a scheme or arrangement the main purpose, or one of the main purposes, of which is to secure that subsection (2A) above applies to a loss by reason of the cessation."

(2) The amendment made by subsection (1) has effect in relation to cessations of a trade on or after 21 May 2009.'. —*(Mr. Timms.)*

Brought up, and read the First time.

3.48 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following: new clause 5—*Pre-commencement notification*

'(1) Part 7 of FA 2004 (disclosure of tax avoidance schemes) is amended as follows.

(2) In section 308 (duties of promoter) after subsection (5) insert—

"(5A) A person who is a promoter in relation to a notifiable proposal may seek pre-commencement approval from HMRC as to whether the proposal is in accordance with current legislation.

(5B) HMRC shall respond within a reasonable period of time to any request for pre-commencement approval under subsection (5A).".'.

Government amendments 41 and 42

Amendment 34, in schedule 17, page 202, line 19, at end insert

'or part of a transaction of a value exceeding £100 million'.

Amendment 35, page 203, leave out line 10.

Mr. Timms: The amendments and new clauses in this group all concern tax avoidance. For the tax system to be effective everyone needs to pay their fair share. Tax avoidance damages the ability of the tax system to deliver its objectives, imposes big costs on society and shifts a greater burden of tax on to taxpayers who do comply with the rules. So the Government are committed to continuing to move quickly and effectively to tackle tax avoidance in all its forms.

What I shall do, if I may, Mr. Speaker, is speak to the Government new clause and amendments in this group and seek to catch your eye later to respond to comments made by others when they discuss the other new clause and amendments.

[Mr. Timms]

New clause 8 counters an avoidance scheme that has been notified to Her Majesty's Revenue and Customs. The scheme exploits corporation tax terminal loss relief rules that allow losses arising in a trade in the 12 months prior to cessation to be carried back and set off against profits made in the previous three years. The scheme works by artificially engineering a deemed cessation of trading, which allows the company to access the relief in circumstances not intended by Parliament, and it could be used by a large number of companies and it poses a risk of significant loss of revenue. In order to stop companies exploiting the scheme and, thus, to protect the Exchequer, I made a written ministerial statement on 21 May announcing our intention to introduce this legislation.

The new clause addresses situations in which there has not been, in any real sense, a cessation of the trade, but where it is claimed that the cessation occurs as a result of the trade being transferred to a person outside the scope of corporation tax. The new clause is targeted only at avoidance and applies only where it can be established that the reorganisation concerned is part of a scheme or arrangement, one of the main purposes of which is to access terminal loss relief. In such circumstances, terminal loss relief will not be available to the transferring entity. The new clause provides vital protection to the Exchequer from wholly artificial avoidance schemes and does so in a targeted and proportionate manner. I therefore ask hon. Members to ensure that the new clause stands part of the Bill.

Government amendments 41 and 42 seek to ensure that clause 59, which contains a provision to counter an avoidance scheme that abuses the double taxation relief rules, does not hit any unintended targets. Following representations, Government amendments were tabled in Committee that were intended to ensure that the clause would not have an unintended effect in normal commercial situations. The amendments would have provided that the clause applied only to payments made under the laws of a territory outside the UK. These amendments reflected agreement that HMRC reached with industry legal experts and had the advantage of following existing legal precedent that applies for the purposes of controlled foreign company legislation.

The Government amendments would have covered the overwhelming majority of cases in which refund of foreign tax might arise from commercial contracts. However, after those Government amendments were tabled, further representations were received which showed that they may not go far enough to ensure that the clause does not hit any unintended targets. Although these are unusual circumstances, I said during the course of our debate on this clause in Committee that it is right that we should take account of them and that I would return to this matter with further Government amendments on Report—and I have done so.

During the Committee debate, I made it clear that I accepted the principle of the similar Opposition amendments, but that I wanted to reflect further on the issue to ensure that any amendments were technically correct. The new Government amendments contain one minor adjustment, compared with the Opposition amendments in Committee, in that they refer to a "tax authority" rather than a "taxing authority". This is because a taxing authority might be seen as the legislative body which imposes the charge to tax, rather than the authority that assesses and collects the tax, and makes any necessary payments or repayments—a small but necessary change. The amendment has also been duplicated to cover the situation where the taxpayer is seeking a deduction for foreign tax, as well as where double tax credit relief is sought.

Rob Marris (Wolverhampton, South-West) (Lab): Will my right hon. Friend give way?

Mr. Timms: I gladly give way to my hon. Friend, whom we greatly missed in Committee.

Rob Marris: Actually, I do not wish to press my point—I have reread the provision and I now understand it.

Mr. Timms: I hope that my hon. Friend will not feel discouraged from intervening later in the debate.

The amendments will ensure that this clause will not affect normal commercial arrangements, and I ask the House to support them. I will seek to catch your eye later, Mr. Speaker, to respond to points made by others about this group.

Stewart Hosie (Dundee, East) (SNP): I rise to speak in favour of new clause 5. I originally had no intention of tabling such a new clause until we had the debate upstairs on clauses 66 and, more importantly, 67. Both of those clauses rightly seek to outlaw the highly contrived tax avoidance schemes that the Minister described in some detail at the time. That was the right thing to do.

Interestingly, the debate on clause 67 almost completely ignored its content and revolved around the issue of principle of retrospective legislation. In general terms, I oppose retrospective legislation, especially when it comes to the tax code, because it delivers uncertainty, but I do recognise that from time to time it might be necessary. One of the reasons why retrospective legislation is necessary when it comes to clamping down on contrived tax avoidance schemes did not become clear until after the debate in Committee.

Let me explain. The process that is followed in such schemes is that tax avoidance schemes are developed by promoters, they commence operating and only then, post-commencement, are they notified to the HMRC, which can—and sometimes does—outlaw the practices and introduce retrospective changes to the law to facilitate that. In the case of clause 66, the scheme was effectively outlawed within a week or so of the Revenue's being notified of it. The Government can act very quickly, but not always, and it can take some time—perhaps a year—to introduce the necessary retrospective legislation. That is precisely what happened in the instances that we discussed in Committee.

It struck me as somewhat peculiar that such schemes were not checked by the Revenue in advance of their commencement to allow the commissioners to rule on their legality or otherwise or even to suggest, even if they were legal, that they were likely to be outlawed quickly because they were simply going to be tax avoidance schemes. I was very pleased, when we probed the Minister, to get his reply. I asked whether he could

"confirm that promoters are able to seek confirmation of the schemes in advance"

and the answer was:

"Promoters can seek that clearance as well. They are required to disclose, but they can seek clearance if they wish."—[*Official Report, Finance Public Bill Committee*, 16 June 2009; c. 431.]

However, it was not until two days later that the Minister rather graciously corrected what he had said. His letter said:

"In both cases, the correct answer should have been"—

I shall read out both paragraphs for the avoidance of any doubt. They read:

"HMRC offers a clearance service to businesses covering the tax implications of commercial transactions"—

I do think that there should have been more commas in this sentence—

"where there is material uncertainty as to the tax outcome and the issue is of commercial significance to the business. Under the clearance regime HMRC will not give advice, or comment on, tax avoidance schemes.

In addition to the clearance service for business, HMRC offers a written...service to personal tax customers covering completed transactions where the correct tax treatment is in doubt or where guidance is needed on HMRC's interpretation of recently passed law or its application to a specific proposed transaction, where there is genuine uncertainty. This written advice service does not cover arrangements where tax avoidance is an issue. The scope and terms on which this service is offered is set out in Code of Practice 10."

That is extremely clear, but the implication of that answer is that the Finance Bill, unamended, would perpetuate the status quo, which is that schemes can be developed, promoted and commenced, people can buy into them or use them and they are then notified to the HMRC, outlawed and made subject to retrospective changes. That all risks uncertainty in the tax code, which none of us wants to see, and a potential loss of revenue yield, I am certain. Most importantly, it risks individuals taking tax or financial planning advice or action, thinking that they are doing the right thing and that they are behaving wholly within the law, and finding that they are then subject to retrospective changes to a law that they had no intention of breaking.

It would be much simpler to allow promoters to clear schemes in advance to ensure that if they were illegal, or likely to be outlawed, they simply would not be promoted. That would give us certainty in the tax code and protect those individuals who think they are doing the right thing and end up being subject to retrospective legislation.

Mr. Colin Breed (South-East Cornwall) (LD): I fully agree with the thrust of the hon. Gentleman's argument, but he might be aware that the Select Committee on the Treasury received certain information from Barclays bank about its tax avoidance schemes. The schemes that it developed are extremely complex, and it took them to HMRC and got the staff there to look at them and basically approve them, because it did not have the resources and everything else to go through it all, whopped it back to its clients and said, "We put this to HMRC, they think it's okay and now we have all sorts of ways of trying to alleviate that"—

Mr. Speaker: Order. I gently say to the hon. Gentleman that the erudition of that intervention was equalled only by its length.

Stewart Hosie: The hon. Member for South-East Cornwall (Mr. Breed) makes an important point about the complexity of some schemes, but it is the very complexity of the tax code that allows highly complex and contrived schemes to operate. There is an argument for simplifying the tax code as a whole, but today's debate is not about that. I want to ensure simplicity, help people avoid illegality and protect tax yields. That seems sensible, and I hope that it is uncontentious—unless there is a hidden argument or a problem in the Revenue that the Minister will tell us about in a few minutes.

4 pm

Most Opposition amendments are moved to claw back powers from HMRC, or to stop officialdom interfering in people's lives or businesses. Almost uniquely for me, I have moved the new clause because I want to give the tax commissioners more powers and responsibility. It makes absolute sense for them to be able to validate schemes in advance and declare them either legal or illegal. More importantly, even if a scheme is legal, the commissioners should be able to tell its promoters, "Yes, it's legal today, but I suspect that the Minister will come down on it like a ton of bricks in two weeks' time, so it's probably better not to promote it." That would create certainty in the tax code and protect people looking for tax and financial planning.

I look forward to what the Minister has to say. I want to offer more powers to the Revenue, in the hope that we can get certainty and protect people from the dangers of retrospective legislation.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): I want to make one very brief central point, and it relates to what the hon. Member for Dundee, East (Stewart Hosie) has just been saying. My right hon. Friend the Financial Secretary has explained that new clause 8 is necessary to block yet another loophole that would open up yet another lucrative tax avoidance mechanism, and I am absolutely sure that he is right. What is significant is that the Government have found it necessary to table the new clause now, and that is because the latest tax avoidance scam surfaced only after the Finance Bill was published.

Similar scams are being invented all the time, by extremely highly paid City accountants and lawyers. As a result, the Treasury has to scurry around trying to block them up as quickly as they are created.

Mr. Mark Field (Cities of London and Westminster) (Con): I do not disagree that it is perfectly within the rights of any Government to have a rigorous anti-avoidance regime along the lines that the right hon. Gentleman clearly supports, but does he accept that, commensurate with that, there also needs to be a full and open clearance process? Such a process would help prevent scams being created, and the need to deploy anti-avoidance measures.

Mr. Meacher: The question is what particular transparent and open system the hon. Gentleman would recommend, but I am in favour of something like what the hon. Member for Dundee, East has proposed. As I shall explain in a moment, we need a general provision of the sort that would avoid the House of Commons continually spending its time trying to block one scam after another. I agree that that is not the most efficient way of dealing with the problem.

Dr. John Pugh (Southport) (LD): Does the right hon. Gentleman agree that it is a great pity that new clause 2 has not been selected, as in a sense it does precisely what he has described?

Mr. Meacher: I was coming to that. The hon. Gentleman and I have had some conversations on this subject, and I entirely agree with him. My question to the Minister has to do with whether the Government are engaged in a labour of Sisyphus. Why do they not seek to break the cycle of endless tax avoidance scams—because, being clearly designed to get round paying tax, that is what they are—by introducing a general anti-tax avoidance principle into the UK tax system? I can think of two or three previous Treasury Ministers who were very much in favour of that course.

I tabled a proposal along these lines two months ago, and I am glad to see that the hon. Member for Southport (Dr. Pugh) has retabled it as new clause 2. I realise that it has not been selected for debate, presumably because it would increase taxes. Of course, that is exactly what the new clause is designed to do, where appropriate, but under our rules only the Government have that prerogative. But I want to ask my right hon. Friend the Financial Secretary why we continually spend our time scrabbling around in the bulrushes trying to block off every new tributary of tax avoidance, when we could seize the high ground and block this ever-flowing antisocial river altogether at one go. There are good precedents for this—

Mr. John Gummer (Suffolk, Coastal) (Con): Will the right hon. Gentleman give way?

Mr. Meacher: I am amazed how popular my speech has become. I thought it would be two minutes, but I always give way to the right hon. Gentleman.

Mr. Gummer: Does the right hon. Gentleman accept that one of the prices of liberty is eternal vigilance, and that one has to be very careful about trying to claim that people are guilty unless proved innocent? That is precisely the reason that we do what we do. It is extremely dangerous to start off a taxation system on the basis that people must not be allowed to do anything lest they avoid tax.

Mr. Meacher: I do not often disagree with the right hon. Gentleman, but here I take a rather different line. Of course there must be transparency, as the hon. Member for Cities of London and Westminster (Mr. Field) said, and of course we do not hold people guilty until proved innocent. What I am recommending—the hon. Member for Dundee, East said the same—is that there should be a general principle which makes it clear that if the purpose of the device is solely to evade or avoid tax and it has no sensible, practical, obvious economic purpose, it should be ruled out in terms of what the mechanism is designed to do.

I would add that there should be some penalty to discourage such action in future. That is not unfair. It is a way of avoiding an artificial, deliberate and proliferating attempt to avoid tax, which means that the rest of us who are not super-rich and not big corporations have to pay. I do not think that is a very good idea.

Rob Marris: Will my right hon. Friend give way?

Mr. Meacher: This is extraordinary. I always give way to my hon. Friend.

Rob Marris: I am grateful—it is Report stage. I have been racking my brains, going back a long time. I think my right hon. Friend will find that there is a Court of Appeal case to the effect that he seeks to push for this afternoon. It is a case about artificial transactions from, I believe, 1985, the Ramsay and Cook case, which does much of what my right hon. Friend wants.

Mr. Meacher: My hon. Friend has the advantage over me because I have not looked at that, but I find it difficult to believe that it achieves what I am seeking to achieve. If that is so, I am surprised that such schemes continue to roll on and on.

To conclude the speech, which I am finding difficult, there are good precedents for such a principle—it is not a novel idea—particularly the Australian one and, interestingly, in Jersey, both of which seem to be working perfectly well and have been accepted by all parties in those Parliaments. Will my right hon. Friend the Minister please explain the Government's thinking and when we might expect such a provision to be brought forward? It is sorely needed when the deficit in the public accounts this year is of the order of £175 billion.

Dr. Pugh: I shall speak to amendments 34 and 35 and broadly in support of new clause 5. I do not doubt the Minister's or the Treasury's sincerity and determination in wishing to prevent tax avoidance, I do not doubt the skill and intelligence that they have put to the task and I do not doubt the expertise and knowledge that underlie the Government proposals. I need to be convinced that all this is enough to frustrate a huge, massively rewarded and well financed avoidance industry at the heart of modern commerce.

The right hon. Member for Oldham, West and Royton (Mr. Meacher) outlined the Government's approach. They seem to advocate general principles and then track and box off avoidance schemes while encouraging notification, but they do not want to introduce a general anti-avoidance law. None the less, the Bill withdraws an important general control—section 765 of the Income and Corporation Taxes Act 1988. Albeit an anachronistic one, it is a general control. Pleasing though it might be to the City, this approach has failed to convince many people far more knowledgeable in this field than I. My amendments seek to toughen up this approach.

My preference, like that of the right hon. Member for Oldham, West and Royton, is for the introduction of a general anti-avoidance provision. It is in new clause 2, an unselected amendment in my name. A general anti-avoidance provision would reduce tax complexity straight off: complex avoidance schemes father complex tax law. The provision works elsewhere in the world, such as in Australia, Canada and all sorts of places; and with proper Revenue and Customs advisory services available to business, it would not need to gum up business.

Mr. Mark Field: Will the hon. Gentleman not also consider that the parentage is the other way around—that complex tax law begets complex avoidance provisions?

Dr. Pugh: That is a fair point, but I was going to say that the Treasury at one stage, in the halcyon days of new Labour, began a consultation on the phenomenon

of the desirability of a general anti-avoidance rule, or GAAR. Interestingly, it said:

"*The United Kingdom is unusual*"—

unusual—

"among developed countries in having neither a statute nor an established legal principle to counter tax avoidance in general. Many other countries in the developed world have found such a rule or principle to be a very useful remedy for countering tax avoidance, although not a universal cure."

Stewart Hosie: Before the hon. Gentleman moves on, may I just check something? There are concerns that, if we have specific anti-avoidance rules, having an overriding anti-avoidance rule, too, might be a stage too far. If he were to get what he wanted with a general anti-avoidance rule, would he want to see the removal of the specific rules, too?

Dr. Pugh: We need a belt and braces rule—a specific provision that is assisted by a general rule. Again, the Government's consultation stated:

"A GAAR, applying at first only to the corporate sector,"—

this was 1998 or thereabouts—

"would aim to put a stop to many of the complex avoidance schemes which currently cost the Exchequer large sums. In addition, it would be expected to discourage people from devising contrived avoidance schemes in the future."

That was the Treasury, not the Opposition or the right hon. Member for Oldham, West and Royton.

Now we have the repeal of the time-served section, section 765 of the 1988 Act, which ensures that when funds leave the country the Treasury is notified of any detriment to it. It is an old rule to do with the flight of sterling and so on, but it does—or did—a good job. We have the replacement of a clearance and pre-disclosure scheme with a light-touch reporting regime, coupled with a series of attempts to outlaw specific dodges and scams.

However, if we read the legislation, we find that only transactions above £100 million will need to be reported, and not even then if they are said to be

"in the ordinary course of trade"—

hence my amendment. If, after six months, there is no report on a £100 million transaction, there will be a ludicrous fine of £300, which I remember made the hon. Member for Northampton, South (Mr. Binley) incandescent in Committee. It is a ludicrous penalty to enforce on a £100 million transaction.

Mr. Brian Binley (Northampton, South) (Con): "Incandescent" is a slightly heavy word in that respect!

Dr. Pugh: The hon. Gentleman is a man of most moderate temperament, and I should not wish to malign him.

In the game of chess being played out between Treasury officials and City tax lawyers, the Treasury is agreeing to play blindfolded, and there can be only one winner. What is there to stop a transaction being broken down into segments of less than £100 million to avoid reporting requirements—just wrapping up the transaction differently? What stops a firm declaring any transaction to be in "the ordinary course of trade"—a phrase that, incidentally, has created legal problems in countries where a general anti-avoidance provision is in place?

The Liberal Democrat amendments are simple attempts, like new clause 5, to strengthen the Treasury's arm and *powers of intervention—to make exemptions less open* to abuse and less user-friendly. The principal argument for user-friendly exemption is the old chestnut, beloved of the CBI, about the anti-competitive dangers of slowing up commerce. At first, I took that argument seriously; I thought it a sound, decent argument. It is the argument against section 765 and the long-standing argument for its withdrawal. Indeed, I thought that it was a serious, solid argument, despite the claims made only four years ago by the then Paymaster General in its favour, saying that it saved

"a great deal of revenue"—[Official Report, Finance Public Bill Committee, 30 June 2005; c. 319.]

However, I had the good fortune recently to speak to a man who actually administers the provision. He told me that it still protects a great deal of revenue, that clearance procedures in the modern Revenue and Customs are very rapid, and that adequate advice is freely and readily available—in hours not days—provided HMRC has the staff to provide it. Understandably, I asked the Government—the Financial Secretary, actually—how many staff at HMRC administered the provisions of anti-tax-avoidance legislation. The answer that I received reads as follows:

"HM Revenue and Customs (HMRC) staff use whatever parts of the tax code are relevant to help people and businesses pay the right amount of tax and, where necessary, to tackle tax avoidance, evasion and fraud."

But the right hon. Gentleman went on to say:

"HMRC is unable to provide information regarding the specific number of resources deployed on the separate elements of that work."—[*Official Report*, 22 June 2009; Vol. 494, c. 670W.]

The Government simply cannot tell us how many people are involved in counteracting tax avoidance.

4.15 pm

In summary, I am not confident about the Government's approach, the reporting regime, the exemption or the penalties, which border on the pathetic. I am aware of the dilemma that the Government face: business legitimately needs clarity and speed, and the Treasury needs transparency, fairness and accuracy. However, there is an overwhelming case that a general anti-avoidance provision, coupled with revenue efficiency, can cover most of that. Loose reporting, pathetic penalties and a tangle of tax regulations, however, are unlikely to.

Mr. Mark Hoban (Fareham) (Con): My hon. Friend the Member for Cities of London and Westminster (Mr. Field) made an important point: sometimes the complexity of the tax system itself gives rise to opportunities for tax avoidance schemes. When relief is given, tax advisers and planners look to how they can maximise it to reduce their clients' tax bills. From Finance Bill to Finance Bill, we have seen new loopholes being created and closed down—there have been significant revisions to the legislation on film tax relief in the past 10 years, for example.

There is a momentum within tax law itself that creates the loopholes that can be exploited; the loopholes are then closed, creating more complexity. We need to get that rolling process under control. New clause 8 represents an example of when the relief available on the termination of a business has been used to create a new opportunity for tax planning.

Mr. Frank Field (Birkenhead) (Lab): I know that the hon. Gentleman has only just begun, but before he finishes I hope that he will comment on the measures advocated by my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher), which aim to stop the poison from coming into the system in the first place. What the right hon. Member for Suffolk, Coastal (Mr. Gummer) said almost takes us back to last century's debates on vaccination—did we want people to stop becoming ill in the first place, or were we to deal with the illness only once they became ill? That example has similarities with the issue of tax avoidance, as distinct from tax evasion.

Mr. Hoban: If I got dragged down that line of argument, Mr. Speaker, I would be trespassing into a new clause that was not selected, so I shall be careful about what I say about that general principle.

New clause 8 responds to a specific anti-avoidance scheme. In Committee, we discussed clause 23, which allowed losses to be relieved and extended the carry-back period for losses. During that debate, the Financial Secretary commented on the generous nature of the terminal loss relief, particularly for businesses that had closed down for reasons of economic viability. The scheme sought artificially to use the losses by trying to transfer a business to an entity outside the scope of corporation tax—for example, a partnership in respect of which an individual had a small share of the profits but the original company was entitled to the majority of the profits. That meant that the company was then able to claim terminal loss relief and carry back trading over possibly three years even though trade had continued. The conditions in the clause prevent the artificial abuse of the availability of that loss relief, and we welcome the step that the Government have taken.

New clause 5, tabled by the hon. Member for Dundee, East (Stewart Hosie), has its origins, as he said, in a debate on new clause 67 that we had in Committee, several of whose members had been lobbied by a company called NT Advisors, which had devised a scheme that was at the core of the provisions in the clause. The new clause has some appeal in proposing a pre-clearance device for such schemes, but I add a note of caution about this sort of mechanism. I understand that tax advisers spend a great deal of money on their clients' behalf in trying to devise these schemes, which are potentially quite lucrative, as the numbers in clause 67 suggested. Clearly, they do not want to clock up fees with no chance of the scheme being viable, so I can see the attraction for them in having a pre-clearance device, which would save them a great deal of time and money. It would also put the onus on HMRC to act as almost a subcontracted or out-sourced arm of the tax adviser in looking at the fine detail of such schemes to see whether they worked. The advisers themselves should bear the principal responsibility of getting schemes right; otherwise, there is a risk of HMRC being inundated with speculative, half-thought-through schemes under which the advisers are looking to HMRC to tie up the fine detail.

Stewart Hosie: The hon. Gentleman's argument is absolutely right. However, advisers and promoters are coming up with schemes right now, and there is a real risk of loss of revenue yield and of individuals so engaged finding themselves subject to retrospective legislation. I am trying to work out where the balance should lie between the Revenue saying, "No, you can't do it—we're about to outlaw it", and allowing people to continue to develop these schemes and then finding that they are subject to retrospective legislation.

Mr. Hoban: Indeed, balance is a difficult issue to get to the bottom of. No one in this House likes to see retrospective legislation, and there are rules that constrain its use. In the debate on clause 67, we discussed the Rees rules and the doctrine put forward by my right hon. Friend the Member for Charnwood (Mr. Dorrell) when he was a Treasury Minister; we even referred to some principles established by the previous Paymaster General. However, I am worried that we may end up in a situation where HMRC is used as a clearing house for tax advisers and has the responsibility for checking whether the schemes work. The law should be clear enough for advisers to work out whether schemes are legal, and they should not be subcontracting their work to HMRC. Moreover, people who buy into these schemes will need to think carefully about the advice that they have been given and what happens if it turns out to be wrong. I suspect that in some cases, if the scheme does not quite work according to plan, advisers may make some claw back and try to cover their own backs by avoiding having to repay losses to their clients.

I am a little anxious about where new clause 5 would take us. In other areas, it is right that pre-clearance arrangements are in place and discussions can be had with the Revenue, but that arrangement causes me concern in this context. What would happen if HMRC did not reply within a reasonable period of time? Would it be assumed that the scheme has been passed as fine to be sold to a wider public? I am a little sceptical about the new clause, because I do not think it would have the effect that the hon. Member for Dundee, East desires it to have. It could have the consequence of adding burdens to HMRC by getting it to test out the legal aspects of these schemes and checking their detail, thereby adding costs to the taxpayer when we want HMRC to work on supporting the taxpayer.

On the onerous nature of introducing anti-avoidance procedures, I was not entirely persuaded by the arguments made by the hon. Member for Southport (Dr. Pugh) on amendments 34 and 35. My reading of schedule 17 suggests that it already contains the power to tackle some of the abuses that might arise through the more streamlined nature of the reporting rules, and there is provision for secondary legislation to address certain issues, including about the valuation of a transaction or event. We need to get the balance right between promoting compliance through reporting and ensuring that the rules are right in the first place.

On Government amendments 41 and 42, we are delighted to see that the Government have recognised the wisdom of my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands). In introducing them, the Financial Secretary gave the sense that it was almost to be expected that they should be tabled on Report, and that we should not be surprised to see them on the Order Paper. In Committee, he gave a slightly different interpretation, saying:

"The Opposition amendment is broader in scope but has some technical difficulties. The reference to a taxing authority would be novel in tax law and its effect is not altogether clear."—[*Official Report, Finance Public Bill Committee*, 16 June 2009; c. 393.]

Clearly between 16 June and the day when the amendments were tabled, the Government recognised the wisdom of my hon. Friend's remarks, and I am pleased to see them form part of the Bill.

Mr. Timms: We have had an interesting discussion about new clause 5, on pre-commencement notification. The hon. Member for Dundee, East (Stewart Hosie) raised the matter in Committee, and I subsequently wrote to him to clarify the position.

HMRC already operates a clearance regime under code of practice 10, to which the hon. Gentleman referred, in cases in which the application of recent legislation to planned transactions is uncertain. As we can all see, when legislation is new there could well be uncertainty about exactly what it means. In that situation, a clearance regime is appropriate so that people can discuss with HMRC whether the transactions described will work in the way that is intended, particularly in the case of larger businesses. Such businesses have access to a clearance system in wider circumstances, following the implementation of Sir David Varney's recommendations on HMRC's links with them.

However, as the hon. Gentleman rightly said, HMRC will not entertain requests for clearance if it is obvious that the motive behind the application is to avoid tax. That policy is understood and accepted by the various professional bodies, and it is well established. I suggest to him that there is no good reason to change the policy on a situation in which disclosure will, by definition, involve arrangements that are intended to obtain a tax advantage as a key benefit.

I agree with the hon. Member for Fareham (Mr. Hoban) that the problem is that if such a facility were offered in practice, scheme promoters would take advantage of it by continually devising variations on schemes and making more changes to them until they eventually found one that worked. We would all agree that avoidance is not acceptable behaviour, and that we should not effectively ask HMRC to become complicit in avoidance by offering its promoters such a refinement service, which I fear is what would happen.

Stewart Hosie: I understand the arguments that the Financial Secretary and the hon. Member for Fareham (Mr. Hoban) are making, but is the point not that promoters are already finding schemes that work, and that the Government, the House and the Revenue are having to find and fix retrospectively, rather than saying in advance, "Yes, this may well work, but we're going to outlaw it, and perhaps it would be better if you didn't promote it in the first place"?

4.30 pm

Mr. Timms: The problem is that new clause 5 would help the promoters of avoidance. It would give them advice and help them clarify whether their avoidance product would work. I am sure that the hon. Gentleman accepts that HMRC should not provide such help. However, I am not averse to proposals to tighten up the way in which we tackle tax avoidance. As I shall explain shortly, we have done a great deal on that, much of which has been effective. I am certainly not saying that there is nothing further to do—there may well be—but new clause 5 would have an undesirable impact.

Mr. John Redwood (Wokingham) (Con): How do Ministers satisfy themselves about the tax affairs of the banks that they own on behalf of the taxpayer? How can they be sure that those large losses are entirely justified on trading and other grounds? Are they sure that the banks need not pay any tax in the current situation?

Mr. Timms: That is a matter for HMRC, but I am sure that the right hon. Gentleman has seen the code of conduct for bank tax, which we published recently for consultation. Undoubtedly, some of the activities of banks in the UK have involved avoidance—in some cases, significant avoidance. Banks are in a strong position to indulge in that sort of behaviour because they can do it for their own part and then advise their clients on similar approaches. I agree with the right hon. Gentleman that it is right to be vigilant about banks' tax submissions, but if he takes the opportunity to read the code of conduct that we have published for consultation, he will see the steps that we are taking to make progress on that.

Information provided by a promoter is often insufficient to tell HMRC whether the scheme will work. In some cases, the scheme will turn on a novel interpretation of the law and, in the end, that can be tested only in the courts. It is not enough in some circumstances for HMRC to examine the scheme and decide whether it will work. Ultimately, it will require a decision by a court. In other cases, a scheme's effectiveness will depend on the specific facts to which it is applied. In those circumstances, HMRC could be in a position to say whether the scheme works only when it features in a tax return. Providing the clearance under new clause 5 could therefore prove difficult.

Rob Marris: I have much sympathy with new clause 5. However, as constituency Members, many of us are faced with the problem of planning applications, whereby a planning application is made to the local council, it gets turned down, for which reasons are given, but goes back in a month later, after it has been tweaked. There is wave after wave of planning applications until one gets through. At least the local authority can charge for that. Does not new clause 5 run the risk of causing similar problems for HMRC?

Mr. Timms: My hon. Friend is right. That is precisely the danger to which new clause 5 could give rise, with the difference that building something or progressing with a development is, in principle, good and laudable, whereas avoiding tax is not. There is therefore an even stronger reason not to follow that route.

New clause 5 states that HMRC will have a "reasonable" amount of time to comply with the clearance request. Again, I agree with the hon. Member for Fareham. What constitutes "reasonable" in that context? It can take a considerable time before HMRC is in a position to make such a judgment and it could easily be impossible to do that in a time frame that might be considered reasonable by the taxpayer. I therefore question the usefulness of that sort of clearance to those who are genuinely trying to pay the right amount of tax at the right time, and I strongly argue against adopting the new clause because it would help those whose purpose is purely and clearly to avoid tax. As I said earlier,

[Mr. Timms]

however, that is not to say that I want to close the door on tightening the disclosure arrangements. Indeed, there may be opportunities for us to do that.

Rob Marris: My understanding is that when HMRC is involved in anything like that, as it is on occasion, it does not charge people. However, if new clause 5 were to be accepted, we could see not only wave after wave of applications made, as I said earlier, but tax-avoiding accountancy firms, as it were, apparently getting free accounting advice from HMRC, a point to which the hon. Member for Fareham (Mr. Hoban) adverted earlier.

Mr. Timms: I share my hon. Friend's concern about what we might find ourselves getting into. On the other hand, however, I suppose that one could argue that charging for the service might add a further degree of legitimacy to activity whose illegitimacy one would otherwise want to underline throughout. However, we should not be giving that kind of advice at all, so for now we can perhaps leave the question of whether it ought to be charged for.

Let me respond to another point that the hon. Member for Dundee, East made. HMRC receives a significant number of disclosures every year, but only a proportion of those lead to legislative measures. He raised the issue of promoters selling abusive tax-avoidance schemes. As he will know, we have announced that HMRC will take forward discussions to improve the avoidance disclosure regime. There may well be things that we can do, and HMRC is consulting on working with tax agents.

That brings me to the points made in this debate, not least by my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher), about having a general anti-avoidance rule. Let me say to my right hon. Friend and the House that we want to keep that question under review. It was consulted on in 1998, as was said by the hon. Member for Stockport—

Dr. Pugh: Southport.

Mr. Timms: I beg the hon. Gentleman's pardon—I have made that mistake before.

When we consulted on the idea there were a lot of objections, and they were by no means all from tax avoiders. Those who have pointed out that other countries have such a rule are right in terms of a number of counties, although interestingly, the United States does not have a rule of that kind. Some people have argued that if we introduced a general anti-avoidance rule, we would have to have what is suggested in new clause 5, which stands in the name of the hon. Member for Dundee, East, namely a fairly comprehensive clearance system, which would potentially be costly to provide. Another downside would be the uncertainty that such a rule could generate.

We have, of course, introduced a number of effective targeted anti-avoidance rules, and we will continue to evaluate the benefits of going further and specifically consider the possibility of a general rule. However, I want to underline the fact that, in recent years, we have done a great deal to tackle avoidance. We have a strong strategy and a good track record on tackling tax avoidance in all its forms. We reckon that the steps taken as a direct result of the disclosure regime, which has been in place for five years, are so far responsible for closing £11 billion of avoidance opportunities.

We have led internationally on increasing transparency through the G20 and the growing number of tax information exchange agreements, and I have already mentioned the innovative code of conduct for banks that we published for consultation recently. We have also led on modern legislative approaches, such as the new principles-based legislation, of which there are examples in the Bill, in clauses 48 and 49, which give new opportunities for transparency. Also, through the targeted anti-avoidance rules, we are ensuring that businesses and individuals pay their fair share.

Mr. Meacher: My right hon. Friend mentions the code of conduct that has just been published. Does he really believe that a voluntary code of conduct is going to be adequate to deal with the shark pool that is involved in City tax avoidance? Has he looked at the Australian anti-avoidance principle, which has worked for years? I am not aware that it has any significant disadvantages but, if it has, will he tell us what they are?

Mr. Timms: My right hon. Friend asks whether I think that a voluntary code of conduct for banks will be effective. Yes, I do. I have spoken to some very hard-headed individuals who have looked at these matters, and they also think that it will be effective. Once a bank has publicly committed to the code, it will have certain obligations. Its auditors, for example, will want to take a view on whether it has correctly implemented the terms to which it has signed up. Part of the code that we have been consulting on involves determining what sanctions would be appropriate if deliberate non-compliance were to be found. We have suggested in the consultation document that if, for example, we identified an individual in a bank who was responsible for deliberate non-compliance, we would make a report to that individual's professional body. My right hon. Friend ought not to be misled by the proposal for a voluntary code into believing that it will not be effective. Based on the way in which we have drawn it up, I believe that it will be. We are consulting on this at the moment and we want to listen to the views of everyone who is in a position to comment on our proposals.

We are aware of the Australian rule, and we keep a close eye on developments elsewhere around the world. I am not in a position at the Dispatch Box this afternoon to set out a detailed analysis of the effects of the introduction of that rule, but I underline that we want to keep under review the question whether it would be appropriate to go down the road that new clause 2 would lead us.

Dr. Pugh: The Minister has stated a preference for targeted measures, and I understand the strategy that is being followed. However, there comes a point at which, when we look at all the targeted measures, we find that there are certain principles underlying them. Does not that make a case for some sort of cull—a statement of general principle or general anti-avoidance rules?

Mr. Timms: We had a discussion in Committee about principles-based legislation, and we have some examples of it in clauses 48 and 49 of the Bill. This is novel; these

matters have not been legislated for in this way before. I believe that, as a result of adopting and making acceptable this new approach to legislating, some new opportunities might well arise that could shift the argument somewhat on whether a general anti-avoidance rule would be appropriate. As I have said, this matter is something that we want to keep firmly in our sights.

I do not want to leave the House with any sense of complacency about this. The changes that we are debating in the Bill will raise more than £1 billion in tax, through blocking avoidance, and protect revenues of a further £3 billion by 2010-11. We are looking at further ways of extending and improving the disclosure regime, and we are considering the application of the principles-based approach to other matters.

My right hon. Friend made a point about people devising schemes just after publication of the Finance Bill, and he is absolutely right: there will never be a shortage of inventiveness and energy in terms of avoidance. The Government need to be extremely vigilant in response. However, we can do as we did in this case, which was quickly to announce to the House that we were going to close a particular avoidance opportunity. It might take a while to implement the required legislation, but we can implement it with effect from the date of the announcement made in the ministerial statement. We would not have to wait for the legislation in order for the closure to take effect.

Rob Marris: Will the Minister say a little about the Ramsay case—I think it is the Ramsay case—to which I have already referred, which relates to a Court of Appeal decision of, I believe, 1985? It deals with artificial economic arrangements developed solely for the purposes of tax avoidance. As I understand it—this is dragging my memory back more than 25 years—such arrangements were banned by the Court of Appeal.

Mr. Timms: I must say that, as so often, I am very impressed by my hon. Friend's expertise and memory. Sadly, I am not in a position to present the House with details of that particular case. I certainly think that he is right that decisions like that one have constrained some of the activity that certain companies have wanted to indulge in. Sadly, however, there is still quite a lot of latitude available, which is why we have had to take steps such as those outlined in new clause 8. I will refresh my memory on that particular case; perhaps my hon. Friend and I can discuss it separately.

If we were to go down the road of issuing a general rule or principle, we would have to consider a range of factors: the impact on certainty for people and companies, the issue of whether a clearance system would be needed, the effect on the rest of the tax code and whether we would need to repeal parts of that code. Countries such as Australia that have general anti-avoidance rules often find that they still need some specific rules in addition to support the overall scheme, so we would also need to reflect on that. We would certainly need a full consultation before we opted for such an arrangement. I am nevertheless grateful to those who have raised this important topic—one that we must keep within our sights.

Mr. Redwood: Does the Minister think that big banks such as RBS and Lloyds HBOS in the public sector should be paying corporation tax, and when might they start paying it again?

4.45 pm

Mr. Timms: As soon as they are making a profit, they should undoubtedly pay corporation tax.

Mr. Peter Bone (Wellingborough) (Con): Is the Minister therefore saying that all losses incurred—I emphasise all losses—will not be carried forward against future profits?

Mr. Timms: No, I am not saying that. The hon. Gentleman will know from the context of discussions about the asset purchase scheme that that matter has been debated and arrangements have been made for those two banks that are, in fact, rather different.

The hon. Member for Southport (Dr. Pugh) suggested that HMRC was playing blindfolded, but I do not think that that is right. As I have said, the anti-avoidance steps that we have taken have been pretty effective. The 2004 disclosure regime has been successful—it was pretty controversial at the time and was certainly innovative—in protecting more than £11 billion. HMRC anti-avoidance teams use the information provided to combat avoidance schemes every day.

Amendments 34 and 35 would both widen the scope of the new reporting rules introduced in schedule 17, which we debated in Committee. The schedule repeals existing rules and introduces a new post-transaction reporting requirement for corporation tax targeted at transactions posing a significant risk of tax avoidance. This requirement applies to certain transactions involving foreign investments whose value is in excess of £100 million. Targeting the reporting requirement in this way removes the need for businesses to report comparatively low-value transactions that are unlikely to give rise to tax avoidance, so significantly reducing the administrative burden compared with the current Treasury consent rules. As we discussed in Committee, those rules are rather elderly and in some respects not wholly appropriate to how businesses now operate.

Amendment 34 would make any transaction reportable where it is part of a transaction exceeding £100 million. I well understand the concern expressed by the hon. Member for Southport about the possible use of fragmentation of transactions as a means of getting round the new arrangements. I suggest, however, that that problem has already been effectively dealt with by the regulations introduced by schedule 17, drafts of which I supplied to members of the Public Bill Committee. Those regulations provide that, for the purposes of the £100 million threshold, "transaction" is defined broadly and includes a series of transactions entered into in pursuance of the same arrangement. That means that the valuation of a transaction must take into account a linked series of transactions, although they may be strictly separate. I hope that, on that basis, the hon. Gentleman will accept that his amendment—which addresses a perfectly proper concern—is unnecessary.

Amendment 35 would widen the scope of the reporting requirement by removing the exclusion for trading transactions. Trading transactions have been deliberately excluded because the new reporting requirement, like the previous rules, is targeted at changes to the capital structure of multinational groups, which, by their nature, will not generate transactions of the type that the amendment addresses. The reporting requirement is

[Mr. Timms]

only one tool available to help HMRC to combat tax avoidance. The removal of the exclusion for trading transactions would be very likely to generate a great many unnecessary reports. I hope the hon. Gentleman will accept that the reporting requirement introduced by schedule 17 strikes the right balance between Exchequer protection and administrative burdens on business.

The hon. Gentleman mentioned that, in 2005, my right hon. Friend the Member for Bristol, South (Dawn Primarolo), the former Paymaster General, had said that the Treasury consents regime ought not to be repealed because it protected a great deal of revenue. Removing the need for companies to apply to the Treasury for consent before entering into transactions allows businesses to enter into commercial transactions in a way that they see fit, in line with modern business practice. By targeting the new reporting rules at transactions that pose the highest risk of avoidance, we are ensuring that tax revenue is still sufficiently protected. The de minimis limit reducing the amount of information that is reportable will significantly reduce the administrative burden of complying with the rules.

I think that we have got the balance right, but I am grateful to Members who have raised important issues. I hope that the House will agree to the Government new clause and amendments, and that the other new clause and amendments will not be pressed to a Division.

Question put and agreed to.

New clause 8 accordingly read a Second time, and added to the Bill.

New Clause 1

IMPLEMENTATION OF SECTION 1

'(1) The rates charged by virtue of section 1 shall not have effect until such date as may be appointed by order made by the Treasury.

(2) No such order may be made until the Chancellor of the Exchequer lays before Parliament a statement that, in his opinion, measures have been taken to ensure that no person is worse off by reason of the person's income not being sufficient to secure that the effect of the abolition of the 10p starting rate has been entirely offset by the reduction of the basic rate, which took effect in the tax year 2008-09.

(3) The power to make an order under subsection (1) shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.'.—*(Mr. Frank Field.)*

Brought up, and read the First time.

Mr. Frank Field: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following:

Amendment 2, in clause 1, page 1, line 8, at end insert—

'(3) This section is subject to section [Implementation of section 1].'.

Amendment 37, in clause 3, page 2, line 10, leave out '£6,475' and insert '£10,000'.

Amendment 40, in clause 6, page 3, line 7, at end insert—

'(3A) At the end of section 646(8) of ITTOIA 2005 (adjustments between settlor and trustees etc.), insert—

"(9) A settlor of a settlement in respect of which he is liable to pay income tax under section 624 or 629 is entitled to receive credit for any income tax paid by the trustees of such a settlement in calculating his income tax liability and to be repaid any excess of that credit over that liability.

(10) A settlor who receives a credit under subsection (9) above is to that extent not entitled to recover any tax from the trustees under subsection (1) above."

(3B) The amendment made by subsection (3A) shall be deemed to have effect from 6 April 2006.'.

Mr. Field: I have been in the House for 30 years, and have moved many motions on new clauses and many amendments. I have always taken real pleasure in doing so, but I cannot say that I take much pleasure in moving this new clause, or from the feeling that we are somehow on course for a collision with the Government over the treatment of many people in our society who earn low wages.

Political parties, whatever part of the House they occupy, are broad coalitions, containing people of diverse views, but they also have core values which keep them together. There is clearly a huge divergence of views on the Labour Benches among Members who have been in the House for some time and those who have arrived more recently, and among those who think of themselves as traditional or old Labour, those who think of themselves as new Labour, and those who simply think of themselves as Labour. However, the golden thread that links us is that, when push comes to shove, we are all on the side of the poor.

The Government have taken a number of measures of which Labour Members, and, I hope, those in other parties, can be proud. They have tried to move life chances towards those who generally have least, and, if need be, away from those who find it easiest to make it to the top. Therefore, there was in the beginning puzzlement, which turned to anger, that in the 2007 Budget the Government announced the abolition of the 10p starting rate of tax accompanied by a 2p reduction in the standard rate of tax. Since coming to this House I have been an advocate for cutting taxation and particularly the direct rate of tax, the headline rate with which the people whom I represent are massively concerned. It determines whether they take a job, whether they work longer hours and so on.

I was staggered, as were other hon. Members, that that 2p reduction in the standard rate of tax was largely—although not totally—paid for by the abolition of the 10p starting rate. The cost of the 2p reduction was about £9.5 billion; the extra revenue from abolishing the 10p starting rate was about £8.5 billion. We found ourselves for the first time that I can recall advocating a measure that increased the tax burden on the lower paid and made it easier for people such as me, other Members and millions of people outside the House of Commons. It flew in the face of our understanding of what Labour is about: being on the side of the poor.

It is true that it took a little time for Treasury Ministers to recognise that there was not just an issue here, but that it was something that cut to the quick most of us who have devoted our lives to public service. We were anxious to see measures that would offset, as far as humanly possible, the additional tax burden that we had placed on the people taking home the smallest

wage packets. The Government, to their credit, have introduced a number of such measures. They have changed benefit rates and protected those over retirement age who would have lost out by increasing the tax allowances, so that the sums they would lose would be met. I note that others may wish to raise the fact that those who retired before 65 would not receive the same protection as older people, such as me.

Mark Fisher (Stoke-on-Trent, Central) (Lab): Is my right hon. Friend certain about what he is saying about pensioners? I think there is a popular misconception along the lines he is describing. My understanding from pensioner constituents is that a pensioner must have an income of over £22,000 to gain from the measure and that anyone with an income below that amount will be worse off.

Mr. Field: I will very happily stand corrected and I hope that my hon. Friend catches your eye later, Mr. Deputy Speaker.

Ms Sally Keeble (Northampton, North) (Lab): My right hon. Friend is right to refer to pensioners such as himself. Male pensioners who retire at 65 get the allowance but women pensioners who retire at 60 do not. Does he agree that they have missed out?

Mr. Field: They certainly have. I repeat that I hope my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher) catches your eye, Mr. Deputy Speaker, to develop his point.

There have been benefit changes on top of tax allowance changes for us pensioners. There have been two welcome and major initiatives in the Budget, presented to us as mitigating the effects of the abolition of the 10p rate.

The first major point is that since the announcement of the abolition of the 10p rate, there have not been specific tax changes relating solely to those who have lost out from the abolition. In the initial statement the new Chancellor announced a £2.7 billion package which increased tax allowances by about £600. That applied to all of us, however. We in this House benefited from that; we benefited from the 2p increase as did those on the 10p rate, and there was also a more recent increase in tax allowances across the board, which we again benefited from, as well as the people who lost the 10p rate. Therefore, the relative tax burden that the abolition of the 10p rate placed on the poorest earners in our country has not been rectified.

5 pm

My hon. Friend the Member for Hyndburn (Mr. Pope) and I wrote to the Chancellor three months ago to say that that is still a big issue. We did so not simply for our consciences' sake, as conscience is magnified because by next May or June we will have to face the electorate, and there are quite a lot of low-paid workers out there who might not be writing us letters any longer—they may have given up on that effort—but who still feel aggrieved that we made the move in the first place, and some of whom also know that they remain worse off in money terms compared with 2007 despite the increases in personal tax allowances.

So although I welcome all the moves that the Government have made, I am also puzzled. Labour Members' grievance with the Government was that, with the new disadvantages we had placed on the poorest earners in our society, there were no specific measures aimed at rectifying this change that we had brought about. This was not an act of nature; we did it. I cannot be the only MP who has received letters from constituents saying, "Please persevere. I understand why the Government are finding billions and billions of pounds to bail out the banks. I accept that it may well be necessary to do that, but we have needs as well." Their grievance is that although we could find all that money for the banking system, it appears that in this Budget and previous Budgets we have found general changes that benefit all of us but we have not specifically managed to rectify the increase in the tax burden that our Government have brought about for those who earn the lowest wages in our society.

When my hon. Friend the Member for Hyndburn and I first went to see the Chancellor days after he was appointed to that office, he was as courteous as ever and asked, "Well, how would you solve the issue?" This was before the Government found £2.7 billion to make the general increase of £600 in tax allowances. We suggested that the best move would be to increase tax allowances across the board to ensure as far as humanly possible that there were no losers, but that that increase should then be clawed back from all of us who had been the gainers from the 2p rate by increasing national insurance. My hon. Friend and I left that proposal with the Chancellor.

The next part of this saga took place on the morning that the Government announced they would increase tax allowances for all of us. The Chancellor phoned me and said, "There will be a statement this afternoon. I can't tell you what's in it, but I hope you will like it". As I am on the same political side, when I came to the House I wanted to say as much as possible in favour of the measure, but I cannot describe the depth of my despair as I heard the Chancellor saying there was going to be a universal increase but there would be no clawback. It is true that I welcomed that package. Who was I to stand up when the Chancellor had found £2.6 billion and spit on his feast and say this is not what is actually required, especially as I hoped that we might at a later stage get him to tailor that measure to help the lowest paid and claw the necessary sums back off the rest of us, and in so doing help to balance the books?

Mr. Jeremy Browne (Taunton) (LD): Was not one of the strange features of the Chancellor's compensation package that, although it had the advantage of simplicity, the majority of the £2.7 billion was given to taxpayers who had not lost as a result of the doubling of the 10p rate?

Mr. Field: I agree entirely. We benefited by the 2p rate reduction—I say "we" because those of us in this Chamber benefited.

Mr. Browne *rose—*

Mr. Field: Is the hon. Gentleman going to declare his earnings at the higher rate now?

Mr. Browne: My earnings are those of a Member of Parliament. To be fair to the Government, I understood that the threshold was adjusted when people went to the top rate, so basic rate taxpayers, including some people

[Mr. Jeremy Browne]

on good salaries, did benefit substantially but anybody who earned over the higher rate threshold did not benefit, because the two measures cancelled each other out.

Mr. Field: The hon. Gentleman is perfectly right, and the figures, if they are to be trusted, show that 2 per cent. of people did not benefit in this way. When I said "we", I was trying, perhaps too crudely, to identify us with our constituents for once, given the yawning gap that has become apparent in the recent past.

The substantive point remains that although moves have been made to compensate those whose tax burden increased—that was not the rich or the very rich, but the poor; it was those who earn least in our society yet still turn out to work—the Government prefer to add in all the changes that they make in order to work out who still has not been compensated fully for the abolition of the 10p rate.

So let us assume, for the moment, that we have given up trying to obtain a targeted package to meet the increase in the tax burden of those with the smallest wage packets and we have gone down the Government line of, "Well, it was to help them as well, and in these difficult times we are not that interested in maintaining tax equity. People got more money." Let us examine what the figures show.

Were the increases in the tax allowances—the £600 and then the £130—really meant to help those who lost out in the abolition of the 10p rate? The following figures come from the Treasury. By 2010-11—not today, but then; these figures presumably take into account some other changes that might be made—500,000 households will still be losers from this abolition, within those households there will be about 1.3 million individual losers, and the average sum that they will lose will be between £2 and £3 a week. I hope that most of us would think that £2 or £3 a week is a substantial sum for us, but it is huge for people whose earnings are low. I am humbled when constituents come to my surgery to tell me that they are on £11,000 a year, they have two children they are bringing up brilliantly and they are being messed around by tax credits, yet they still survive. If this House ever wants to know how to manage the national accounts, it could look to Birkenhead, where quite a few people could teach us a thing or two.

Those Treasury figures on the losers still assume a 100 per cent. take-up rate for tax credits. Fortunately, because many of the losers who have children are so desperate, they will have claimed tax credits—whether or not they wish to do so and whether or not they think that to do so is noble—because that extra money to balance the books is jolly helpful. Many of the losers in those figures will thus be people who do not have children, and we know that the take-up rate among that group is about 20 per cent. The Government's calculation assumes that the take-up rate is 100 per cent., but even with such a rate 500,000 households will still be losing out in the financial year 2011-12, those households will contain about 1.3 million individuals who are losing out and, on average, those individuals will, even years ahead, still be losing between £2 and £3 a week.

Mr. William Cash (Stone) (Con): I thoroughly endorse what the right hon. Gentleman says, for all the reasons that he has given. He mentions the year ahead. Does he agree that if we take into account the real figure for public net debt, which is now £3 trillion—not the £1 trillion the Government say—the increases in taxation that are due as a result, together with the necessary reductions in public expenditure, will have a devastating impact on the less well-off and will make their situation intolerable? In other words, we really will have two nations.

Mr. Field: I do not dispute that point, and the hon. Gentleman may be able to make his case later in the debate.

Mr. Timms: I am listening with great interest to my right hon. Friend, and I wish to take issue later with some of his figures. He mentioned 1.3 million individuals—is that an estimate of the number of people in the 500,000 households that the Government have confirmed will remain losers from the effects of these various changes?

Mr. Field: I confess that I do not know the answer. I am merely reciting the IFS figures. Today it said that 500,000 households would lose, and 1.3 million individuals. I assume that most of those individuals will be in those households. If our constituents were asked whether they believed the Treasury or the IFS, they would probably side with the IFS.

Mr. Timms: Actually, we had a call from the IFS to ask us where the 1.3 million figure came from, so this may be a circular argument. It may be that 1.3 million is an estimate of the number of individuals in the 500,000 households. There is no dispute that 500,000 households will be—modestly, I would argue—less well-off as a result of the series of changes that have been made over the last couple of years. I was not sure where the 1.3 million figure came from, and my right hon. Friend appears to be saying that he is not sure either.

Mr. Field: Well, I am sure, because it comes from the IFS. When I was broadcasting with representatives of the IFS today, they said that that was their estimate.

Mr. John Gummer (Suffolk, Coastal) (Con): Does the right hon. Gentleman accept that these relatively small amounts of money are in fact large amounts of money, not only in the areas where deprivation is traditionally widespread but in constituencies such as mine? Rural areas can have large numbers of very poorly paid people with large families, to whom these are significant sums. I agree with him that there is nothing as humbling as meeting at one's surgery people who make do with very small amounts of money and have come to talk to their Member of Parliament about £1, £2 or £3 less a week in circumstances that should never have arisen.

Mr. Field: I am sure that those sentiments are reflected on both sides of the House. The disappointment that I feel can be summed up as follows. I am not trying to decry the moves that the Government have made to try to rectify the unnecessary burden that we have placed on some of the poorest households in this country—a burden that would be unforgivable if it were a Tory Government doing it, and is even worse because it is our Government. Of course there are real problems now with the Government finances. I am even more of a

hawk on this issue than those on the Treasury Bench, because I think there will be real problems in the short term in trying to float the gilts that we will need to float to reach the medium term, unless both Front-Bench teams show far greater resolution about the need to bring public expenditure into line with tax revenue. I want us to lead that debate because the sorts of reforms that I wanted to see and that we did not see in the last 12 years or so, when we had huge amounts of money to spend, might well be brought about when we have to think about what the Government's priorities are and how we can ensure that our resources are concentrated on them.

5.15 pm

I am not trying to downplay the real difficulty that the Government have in balancing the books and getting us to the medium term so that some of these changes in public expenditure and taxation can come into effect. The sums that we talking about to bring justice to the group of people who earn the least are modest compared with the size of the deficit that has been revised, in a major way, three times since last November. I cannot believe that there would be any risk to the currency or any risk of encouraging a gilts strike if the Government were to make modest new claims on debt to meet the honour that we owe this group of our constituents.

I said at the beginning of my speech that for 30 years I have spoken always with pleasure, jumping up to make a suggestion and thinking that it would somehow be accepted. I know, however, from the conversations that other Members have had with the Government that the Government have dug in on this point. They are playing for very high stakes tonight. I hope that when those on the Treasury Bench contribute to the debate they will say more than we have heard from the unofficial sources during the day. If all we are offered, yet again, is warm words, my thinking is that we should press the new clause to a Division.

Mr. David Drew (Stroud) (Lab/Co-op): I want to hear those redistributive noises from those on the Front Bench, and I am looking forward to hearing what they have to say. My right hon. Friend knows that the only caveat to my support for his new clause is that the 10p rate had a secondary redistributive effect on the number of people post-60 who chose to redistribute their leisure for their working time. How would he answer the allegation that that was a downside of the 10p rate, notwithstanding those that it was there to help?

Mr. Field: I have been bending over backwards not to suggest this is a very easy thing that fits into nice little boxes. There are clearly what my grandmother would have called swings and roundabouts, and I accept my hon. Friend's point, but I nevertheless believe that the main thrust of the argument that Labour Members have made remains.

If we win the Division on the new clause, we can proceed to approve the rest of the Budget but before the tax changes come in the Government have to give us more than warm words—they have to give us some reassurances about the moves that they intend to make. Some of us have been told that that is pushing the nuclear button, and that if we win the Government will not be able to raise revenue after 6 o'clock tonight and that tomorrow morning the currency will collapse—with all the horrors that would stem from that. It would be ludicrously irresponsible if the Government did not have a plan 2 ready. If the new clause is carried tonight, surely they will jump up and say, "Clause 1 and the tax-raising powers in the Budget are a matter of confidence and we are going to make you pass it this evening. We will not go into the night leaving this on the statute book." Of course, they would get it more easily if they showed a little more humility than has perhaps been shown so far, by saying that they will also make moves to rectify the injustice of the 10p changes. There are those of us who feel in our bones that we have caused this injustice, that it is up to us to put it right, and that this is our last opportunity to do so before we face the electorate, and the Government underestimate our resolve if they think we should just let it go.

We all act for a multiplicity of reasons. Dr. Johnson said that the realisation that one is to be hanged in the morning "concentrates the mind wonderfully", and we know that, come next May, we will have to face our executioners. They will decide whether we come freely back to this House, and that should concentrate minds of those on the Treasury Bench about our resolve.

I talked earlier about the golden thread that knits together all Labour Members—new, old or ordinary. That thread is the belief that we come to this place to protect and advance the interests of those who get least from life. The 10p proposal is a denial of all that we came into public life to achieve, and this is our last chance to rectify the situation before the general election.

Mr. Hoban: It is a pleasure to follow the right hon. Member for Birkenhead (Mr. Field), who spoke in his typically understated fashion but with great passion and strength of conviction. Everyone in the House will have listened to him very carefully.

Before I talk about new clause 1, I want to make brief mention of two other amendments in the group. Amendment 40 in my name is a fairly technical proposal about settlor-interested trusts, and I shall not detain the House long with it. The nature of the trust and the interest that the settlor has in it mean that both the trust and the settlor are liable to pay income tax on the trust's income. The trust pays the tax at the higher rate, which is currently 40 per cent. but which will rise to 50 per cent. if the Government's plans go through. In contrast, the settlor pays at his highest marginal rate—that is, the 20 or 40 per cent. that obtains at the moment, or the 50 per cent. that the Government propose.

However, the problem is that there appears to be double taxation of that income. HMRC provides a credit to the settlor for the total tax paid by the trustees. That offsets exactly the tax due for higher rate taxpayers but, where the offset is not exact because the settlor is a basic rate taxpayer or has unused allowance, the settlor is obliged to pay any excess over to the trust.

Before the trust regime was changed in 2006, the credit that I have described was provided as of right. Following the Finance Act 2006, it is now a concession and there is no obligation on HMRC to continue to provide it in the future. Therefore, the relief could be withdrawn at any time, and the first part of amendment 40 would ensure that it remained available. I do not think that the Government ever intended to create this uncertainty in the first place and the first part of the

[Mr. Hoban]

amendment would put the legislation on a proper footing by making sure that the concession had the force of statute.

The second part of amendment 40 clarifies that, if a credit is given, a settlor cannot also claim tax liability from the trustees. At present, that can happen when trustees have still to pay the income tax due on trust income when the settlor files an income tax return. In those circumstances, there is nothing to credit from, so the settlor has to pay up and then claim back the sum directly back from the trust. It is difficult to explain how the trust eventually resolves its liabilities and I shall not go into fine detail now, but I believe that the amendment would solve that problem too.

Although amendment 40 addresses a gap in the trust law that is three-years-old, the changes proposed in clause 6 to the trust's rate of tax have made the issue more pressing. The trust rate paid by the trustees and the marginal rate paid by the settlor are likely to differ when the Bill comes into effect next year. Most settlors will not earn enough income to pay income tax at the additional rate, so the onus will be on the trustees to make the settlor repay the difference under the current legislation. It is therefore all the more important to ensure that a settlor can rely upon HMRC's concession in order to meet these payments. That is best achieved by providing a statutory basis for the concession.

Rob Marris: As a matter of interest, on amendment 40 to which the hon. Gentleman has just been speaking, can he give an indication of how many such settlors and trustees he thinks there are in Birkenhead?

Mr. Hoban: I am not sure that I or the right hon. Member for Birkenhead (Mr. Field) know, or that the Treasury could tell us. Perhaps in his usual perceptive way the hon. Member for Wolverhampton, South-West (Rob Marris) is making a point about the incongruity of the amendment being tabled in this group. That is down to the selection made by Mr. Speaker, not by me. I am not totally unaware of the incongruity of the selection.

Mr. Frank Field: Did the hon. Gentleman notice that as Birkenhead was mentioned, the gods showed their displeasure at the fact that we had to have this debate?

Mr. Hoban: The right hon. Gentleman has not only tabled the new clause, but has managed to bring the weather on tap at the right time to provide a backdrop to the debate.

Amendment 37 raises the personal allowance to £10,000. I understand the attraction of that. It would take more people out of taxation. We are not averse to that concept. Indeed, our proposals earlier this year to increase the age-related allowance for pensioners by £2,000 demonstrates an interest in this area, but I am concerned about the potential cost, which I am sure the hon. Member for Taunton (Mr. Browne) will discuss at length. It sounds a potentially expensive way of providing relief to taxpayers.

The people who would benefit most from the hon. Gentleman's amendment are those who pay the highest rate of tax, not those who pay the lowest rate. People at the highest rate of tax, who pay 40 per cent. at present, will benefit significantly. If the Government introduce their planned 50 per cent. tax rate, those 50 per cent. taxpayers will receive the most benefit. I look forward to the hon. Gentleman's arguments in support of the amendment.

New clause 1 is the most important clause that we will discuss on Report. The genesis of today's debate lies in the 2007 Budget, where the cut in the basic rate of tax from 22p to 20p was funded through the abolition of the 10p rate. It is worth remembering the words of the then Chancellor, which explain why it took so long for people to recognise the issue to which that gave rise. In the Budget speech he said:

"Having put in place more focused ways of incentivising work and directly supporting children and pensioners at a cost of £3 billion a year, I can now return income tax to just two rates by removing the 10p band on non-savings income."—[*Official Report*, 21 March 2007; Vol. 458, c. 826.]

I suspect that when that was greeted with cheers from the Labour Benches, people assumed that, in effect, the zero per cent. rate would be extended up to the threshold for the 20p rate, rather than the tax being doubled from 10p to 20p. That is why many people were uncertain what the change meant in practice. In the Treasury Committee's inquiry on the 2007 Budget, the Treasury official responsible for this area of policy was pressed and said that from the Treasury's own statistics 5.3 million households would have lost out from the changes made in the 2007 Budget. However, the Prime Minister, when he was Chancellor, was quizzed by the Treasury Committee and denied that there would be any losers from the change.

Mr. Redwood: Does my hon. Friend think that one of the things that people find very difficult to understand is how the Government can find so much money to subsidise banks to pay colossal salaries to the people at the top of those loss-making publicly owned banks, but cannot find the money to compensate people on very low incomes?

Mr. Hoban: Many people ask themselves that question. We have provided significant taxpayer subsidies to those banks, but people then see another situation, such as the one under discussion, whereby the Government refuse to move and pay compensation to people who have lost out as a consequence of the 10p rate. That juxtaposition is very telling and forms part of the continuing anger about the 10p rate.

5.30 pm

Rob Marris: Does the hon. Gentleman share the puzzlement of many of us, whereby one reason given for the abolition of the 10p rate was simplification of the tax system—the move to the two rates? He just quoted the then Chancellor on that point, but in that very Budget a 10 per cent. rate was retained for certain low savings income, and in this year's Finance Bill there is incredible complexity in terms of higher rate taxpayers. So, we now have—off the top of my head—about six rates of income tax, not the supposedly simple two rates.

Mr. Hoban: The hon. Gentleman makes an important point. Part of the challenge was for the Government to justify why they moved from the previous three-rate income tax system to the two-rate system, and simplification

seemed a convenient explanation at the time. *[Interruption.]* The hon. Member for Taunton asks, "Who spotted this?" May I remind him not only that his party identified it, but that we did? In a press release on Budget day 2007, we said:

"In his"—

the then Chancellor's—

"stealthiest taxes yet, he has paid for his 2p cut in income tax by abolishing the 10p rate".

I therefore want to lay that myth to rest for the hon. Gentleman and save him having to repeat it again during his remarks.

Let me remind the House of the losers from the 2007 Budget. There were some 2.2 million single, childless working people who did not get the working tax credit because they earned more than £12,500 a year but less than £18,000, or because they worked fewer than 30 hours a week or because they were too young. They lost on average £125 a year per family. There were 1.2 million two-earner, childless couples who might not have qualified for working tax credits, who failed to take it up or who lost out from the Budget's other changes. Their maximum loss was £464 a year.

There were 7.7 million two-earner couples with children, and they lost twice through the income tax and national insurance charges but gained only once from the child tax credit and working tax credit reforms. There were people who did not work and lost out because of tax on their benefits. There were 4 million one-earner, childless couples, earning in a range of £17,000 to £18,500, who lost out because they were not compensated.

There were, as the hon. Member for Stoke-on-Trent, Central (Mark Fisher) said, 300,000 women, aged between 60 and 64 years old, who did not get tax credits but were too young to be compensated by the rise in the pensioner tax allowance. Indeed, in the days after the 2007 Budget, the first letter that I received from a constituent complaining about the measure was written by a lady who fell into that category. She clearly had read well the small print of the Budget and identified that she was in the group that would lose out.

The average loss per family is about £145. They can be characterised as families who are on low incomes but who fall outside the tax credits safety net; as early retirees; and as people on incapacity benefit. They were caught out by the complexity of a tax and benefit system that the Government created; they were people who lost out from the measure; and they were some of the most vulnerable in society. It was, to reverse a phrase so beloved of the Prime Minister, a tax rise for the many and not the few.

Despite the warnings on Budget day, and despite the evidence that was given to the Treasury Committee at the time, it is fair to say that the issue was a slow-burner. The scale of the losses came into focus only as the implementation date got closer, and, understandably and rightly, people were angry that the Government had not been clear about the scale. That triggered a significant wave of anger across the country that was reflected in the views expressed on both sides of the House. That is why the Chancellor came to the House on 13 May, part of the way through the Crewe and Nantwich by-election, to announce measures that would offer compensation to some of those affected by the abolition of the 10p rate. In his statement, the Chancellor said that the changes

"will mean that 22 million people on low and middle incomes will gain an additional £120 this year. It will mean that 4.2 million households will receive as much, or more than, they originally lost. The remaining 1.1 million households will see their loss at least halved. In other words, 80 per cent. of households are fully compensated, with the remaining 20 per cent. compensated by at least half."—[*Official Report*, 13 May 2008; Vol. 475, c. 1202.]

Mr. Timms: The hon. Gentleman is giving us an interesting historical discourse on the events of the past couple of years. However, the House is interested to know about the measures that his party favours to raise the incomes of the 500,000 households that we are discussing.

Mr. Hoban: That obligation rests with the Minister—he is in government—not the Opposition. We look to him to bring forward proposals to deal with the issue. The Government created the problem, and they need to solve it. They need to live up to the promise that they made in the House.

Let me move on—

The Chief Secretary to the Treasury (Mr. Liam Byrne): Quickly.

Mr. Hoban: I do not need to move on quickly, because the onus lies with the Government, not the Opposition, to solve the problem now. The Government have had plenty of time to think about the issue, and they should not be looking to us for ideas to get them out of their hole.

Mr. Drew: May I help the hon. Gentleman—and, indeed, the Government? One of the ways in which we could bridge the financial gap is through much more effective measures to deal with tax avoidance. Would the official Opposition be interested in that?

Mr. Hoban: The issue is not about finding the money to pay for the compensation, but about finding a way to compensate people who have lost out as a consequence of what has happened.

After the Chancellor's statement, a number of people were still losing out as a result of the measure. In its report on the 10p rate, the Treasury Committee said:

"There is a pressing need for the Government to seriously examine ways in which these remaining households can be compensated...The Government should set out proposals to achieve this by the time of the 2008 Pre-Budget Report."

The fact that that group of people were still not fully compensated caused continued anxiety across the House about how the issue was to be resolved.

Mark Fisher: Does the hon. Gentleman share my view that one of the things making it impossible for the Government to find a solution is the fact that they are in denial? They do not recognise that they have caused a problem and say that they cannot identify the people who are losing out. I look forward to hearing from Treasury Ministers; I hope that we hear them say this evening, "Yes, we admit that there is a problem and that there are losers. These are the people, and this is how we will solve the situation."

Mr. Hoban: The challenge is that the Government already recognise that there is a problem. I noticed earlier that the right hon. Member for Liverpool, Wavertree (Jane Kennedy) was in her seat. Let me remind the

[Mr. Hoban]

House about what she said last year, when she was the Financial Secretary, in response to an intervention from the right hon. Member for Birkenhead; She recognised that there was a continuing problem and said:

"I want to reassure him that we will return to this issue in the pre-Budget report, as the Chancellor has said, not only in front of the Select Committee but elsewhere. He will bring forward concrete proposals, and they will be implementable as soon as possible."—[*Official Report*, 1 July 2008; Vol. 478, c. 741.]

I thought that a very clear commitment, and I think that the right hon. Gentleman and a number of other Labour Members did too. It was on the basis of the right hon. Lady's reassurance that the hon. Member for North-West Leicestershire (David Taylor) withdrew his new clause at the time.

So a year ago, a clear commitment was given by the then Financial Secretary—and by the Chancellor elsewhere—to compensate the 1.1 million households that had not been fully compensated. The clear message was that that would happen in the pre-Budget report. The pre-Budget report, of course, has come and gone without the package having been put in place, and that is why we are debating it today. There was an exchange of views between the Financial Secretary and the right hon. Member for Birkenhead about the number of people who had lost out through the scrapping of the 10p rate. The IFS estimates that 0.9 million people are still worse off by more than £1 a week as a consequence.

We are here to press the Government to come forward with proposals that will compensate those who were not fully compensated as a result of the proposals announced in May last year. The Government cannot cast aside lightly, and without any consequence, the commitments made in last year's debate and by the Chancellor. Having started this process in 2007, having denied that there were losers despite the evidence, having made a concession under pressure last year, and having defused a revolt on Report of the Finance Bill in 2008 by committing to act in the pre-Budget report and yet failing to do so, it is time for the Government to be held to account by Parliament.

This is not a partisan issue—it is about the House asserting itself and forcing the Executive to live up to the promises that they made to this legislature last year. It is time for the Government to redeem the promise that they made. They have had time to reflect on how to compensate the people who were not fully compensated last year, and to bring forward measures to help those people; in failing to do so, they have broken their promise to the House. We now have the chance, by supporting new clause 1, to force the Government to keep to their promise not only to Members of this House but to the people who have lost out as a consequence of the scrapping of the 10p rate.

Mark Fisher: It is a pleasure to follow the hon. Member for Fareham (Mr. Hoban). I, too, want to concentrate my remarks on new clause 1.

The problem has been well described by my right hon. Friend the Member for Birkenhead (Mr. Field). Members in all parts of the House regardless of party, and, more particularly, the millions of people who have been disadvantaged by these changes, owe a great debt to my right hon. Friend. Together, he and my hon. Friend the Member for Hyndburn (Mr. Pope) identified the problem initially, persuaded us very early on that it existed, and have campaigned on it consistently over the past two years. Everybody who cares about this issue is greatly in their debt. I hope that that view is shared even on the Treasury Bench, as well as across the House.

This debate goes right to the heart of what Parliament is about. The essence of what we do is to raise grievances and, in return for the right to do so, vote supply to the Government. I think that not only Labour Members but Members in all parts of the House want the Bill to go through: the Budget has many good things in it, and we want to vote supply to the Government. However, we want to raise what is a serious grievance for many of the poorest people in our society.

It is right that my right hon. Friend has identified that grievance and articulated it so well. The people who are most disadvantaged by these changes are, as he said, people on the most modest incomes. They come to all our surgeries and talk about it—sometimes not even in terms of pounds, almost pennies, but those sums make the difference between a dignified life and a life that lacks dignity because they cannot participate in society. They are not glamorous sums, which is possibly why the press and other media have been less interested in this grievance than in many others. These changes do not catch the headlines, but they mean a great deal to people who come to our surgeries £50, £100 or £120 a year worse off as a result.

It is right that this grievance should not only be identified but put right tonight. We will want to vote supply to the Government, but we want them to recognise that grievance, and to recognise that they have caused the problem and it is up to them to put it right. As my right hon. Friend said, doing so would not involve a huge sum; it is perfectly within the grasp of the Government to rectify their mistake.

Why has there not been a greater outcry? Possibly because, as I said, the losses for any one individual are very small. Ironically, that makes it even more important that they should be addressed. It is also because many people, particularly pensioners, have difficulty in working out exactly how their pension works and what their financial position is. Many of my constituents have said, "I sense that I am worse off under this. I am told that I will be, and I have been to the citizens advice bureau and they have identified that fact, but I do not fully understand it."

5.45 pm

As my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) said, the tax system is so complicated at various times and in various ways that, as we all recognise, the people who come to our advice surgeries do not fully understand the minutiae of it. They do not realise that they are worse off, or exactly what is causing it. That is why we are particularly in debt to my right hon. Friend the Member for Birkenhead and my hon. Friend the Member for Hyndburn. They have identified the problem, with the help of the IFS, and articulated it.

This debate is about poverty. That is not a fashionable subject, and I regret that the Government whom I have been proud to support over the past 12 years have not often talked about poverty. They have talked about the

future, entrepreneurship and the great expansion of our economy, but there are still large pockets of poverty in all our constituencies, in rural areas and in city areas such as mine. That poverty is made worse by the 10p change, and it has been intensified.

Lynne Jones (Birmingham, Selly Oak) (Lab): I think it is unfair to say that the Government have not talked about poverty, but by and large it has been about child poverty or pensioner poverty. They have fallen down in not talking about people who do not fall into either of those categories because they do not have a family and are not pensioners. Those people are the worst off because they do not have extra benefits, and they will be particularly hard-hit by the measure in question.

Mark Fisher: I take my hon. Friend's admonition. Of course Ministers have discussed poverty, but when the story of this Government comes to be written, I do not believe it will say that they have crusaded and pioneered to eliminate poverty generally in our society. Some 12 years on, we still have a residue of poverty.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): Pursuant to the remark by my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones), one thing that causes me great concern is the difficulty of separating out low-earning adult poverty from child or pensioner poverty. Many low-earning adults live in families that have children, and indeed there is evidence that one driver of child poverty is there being adults in the house who are very low earners. Although progress may have been made on specific aspects of poverty, it is critical that we tackle it across the board, including for single earners, as we are seeking to do today.

Mark Fisher: I entirely agree with my hon. Friend, and of course I would want to make the exception, which was implicit in her remarks, that those who earn low wages and are in poverty have been helped remarkably well by this Government. The Prime Minister, when he was Chancellor, introduced tax credits and transformed the lives of many of my constituents who were on poverty wages. It gave them a decent lifestyle. When the people on the end of poor administration of tax credits are examined, the system gets a bad reputation, but it has been a life-changing and life-improving experience for the vast majority of those who receive tax credits. It has tackled implicit poverty among many of our constituents.

Poverty does exist. It is a low-level condition but a very painful one, and it is Parliament's responsibility to try to put it right, not to make it worse. The 10p change undoubtedly made it worse for many people. Tonight is the time when the Government have to face up to that and recognise that they have got this slightly wrong and can put it right. We owe it to the people affected to correct it, and we owe it to my right hon. Friend the Member for Birkenhead, for his crusade, to put it right tonight. I hope that we will.

Mr. Jeremy Browne: I want to limit my comments to new clause 1, which the right hon. Member for Birkenhead (Mr. Field) tabled, and amendment 37, which I tabled. The common theme that links them is the desire of my party and others to help people on low incomes have a higher standard of living and be more self-reliant and less dependent on the state.

Let me begin with the 10p rate. Members who have perhaps followed matters in less detail than those of us who served on the Committee must cast their minds back to 21 March 2007—nearly two and a half years ago—when the Prime Minister delivered his final Budget speech as Chancellor of the Exchequer. I remember it well because he stood at the Dispatch Box and announced, with great fanfare, the change that we are still discussing more than two years later. I remember Labour Members celebrating with abandon, waving their Order Papers and regarding the speech as a triumph. They left the Chamber in one big phalanx to go to the Tea Room, or wherever they took themselves. They did not want to listen to the comments of politicians from other parties and were confident that the soon-to-be Prime Minister had devised a master plan, which would improve the lives of their constituents. I suspect that the perception that it might ensure a fourth consecutive general election victory for the Labour party also contributed to their misplaced euphoria.

Lynne Jones: May I point out that some of us were less ecstatic than the hon. Gentleman suggests? I well remember making a speech on that day, pointing out that the measure disadvantaged the poorest. I was not particularly in favour of introducing the 10p tax band; I wanted to raise the threshold, which would have been a much better way of helping the poorest people.

Mr. Browne: I am grateful for that intervention for two reasons. First, amendment 37 does precisely what the hon. Lady said, so I look forward to her supporting it. Secondly, she leads me neatly on to the comments of the leader of the Conservative party. In response to the rabbit that the then Chancellor pulled out of a hat, he said:

> "Well, the Chancellor has finally given us a tax cut."—[*Official Report*, 21 March 2007; Vol. 458, c.829.]

Sadly, perhaps not for the first time, he was mistaken. We had not the abolition of the 10p rate—the term often used to describe the change—but the doubling of it. That left more than 5 million people worse off than they were before the change was made.

It was argued at the time that simplification was the motive for the change, but as the hon. Member for Wolverhampton, South-West (Rob Marris) rightly pointed out, the system has not become simpler. Indeed, since that Budget, the income tax system has become, if anything, more complicated.

What happened after that Budget? We finally got the now Prime Minister to accept that there were more than 5 million losers as a result of the change. Initially, he refused to accept that there were losers, and when we got beyond that stage, there was willingness to acknowledge that there were losers but unwillingness to consider compensating them. It seems extraordinary now, but we were told that the size of the budget deficit made it impossible to afford to compensate them. I think it was probably a combination of not wanting to spend the extra money and stubbornness—an unwillingness to believe that the Government had been caught out in an error of such magnitude.

[Mr. Jeremy Browne]

The decision was then taken in an emergency Budget—that is what it was, in all but name—to borrow some additional money to try to buy off the right hon. Member for Birkenhead and other Labour Members who had suddenly realised, to their horror, that far from being a masterstroke, the measure not only further impoverished some of the poorest in their constituencies, but was likely to be electorally disastrous. This afternoon, we are joined by the hon. Member for Crewe and Nantwich (Mr. Timpson), who offered a vivid illustration of the perils that the Labour party faced if it pretended that the measure was anything other than unpopular.

I slightly disagree with the hon. Member for Stoke-on-Trent, Central (Mark Fisher), when he asked whether people were always aware of the impact of such changes on their income. I was struck by the fact that members of the London-based media, for want of a better expression, were slow to pick up on how damaging the change was, probably because they are invariably paid far more than those in the losing category. However, my constituents were alert to the downsides. I have been stopped in the supermarkets and in the street more about that issue than about any other in the four and a bit years that I have been a Member of Parliament. They said, "I hope when you're up in the House of Commons you're holding the Government to account on doubling the 10p rate because I'm losing out as a consequence."

It is also inaccurate to suggest that the measure damages only those on low incomes. Sometimes debate in the House is caricatured as being about us, on our MP incomes, benevolently trying to help people in circumstances of extreme poverty. Some people on very low incomes lost out as a result of the Government's doubling the 10p rate, but many of my constituents, who are on incomes of £13,000, £14,000, £15,000 and £16,000—regarded not as low, but as typical wages for people who work in agriculture, catering or hospitality in Somerset—were also losing out, even when the effect of reducing the basic rate by 2p was taken into account.

Mr. Edward Timpson (Crewe and Nantwich) (Con): Does the hon. Gentleman recall that at the time, the effect of abolishing the 10p tax rate on some of the poorest members of our society could be seen most graphically in the payslips that they brought to show us, on which they could see that £2 or £3 was being taken from them every week? They were fully aware of the impact, and that made it even more extraordinary that the Government did not realise that there were many losers as a result of the measure.

Mr. Browne: That is true. Of course, the measure was not implemented straight away—it was a ticking time bomb, which the then Chancellor oddly chose to put under his own premiership, waiting to blow up when he assumed the post of Prime Minister. Nevertheless, the hon. Gentleman is right that people noticed. It is also interesting to note that the different categories of people who lost out noticed. I, too, received many letters from women aged between 60 and 64, who identified themselves as losing out as a result of the change. Members of another category wrote in smaller numbers. People under 25 on low incomes with no children also lost out. Some brought it to my attention because they had noticed the difference in their payslips. There was generally a keen awareness of the change.

The Labour party does not do well in my constituency. No one would say that it was an area with a strong Labour tradition, but many people approached me who had not voted Labour, and perhaps would never consider doing that, but were still shocked that a Labour Government had chosen to implement a policy that seemed so precisely to target and disadvantage those on the lowest incomes. They thought, as the right hon. Member for Birkenhead said, that the sole purpose of the Labour party was to help people in those circumstances. They wondered, if it did not do that, what the point of it was.

Mr. Richard Bacon (South Norfolk) (Con): Does the hon. Gentleman agree that there was a keen awareness on the part of not only our constituents, but the Government? Sir Nick Macpherson, the permanent secretary at the Treasury, gave evidence to the Public Accounts Committee at the time, in which he clearly said that a thorough and detailed distributional analysis was done. They knew exactly what the effects would be.

Mr. Browne: I do not doubt that. There are serious questions about the Prime Minister's judgment, but none about his ability to add up. I think that a cold political calculation was made: people on low incomes have a lower propensity to vote and, if they do, a high propensity to vote Labour, so there was no need to give them any incentives. The now Prime Minister was concerned about people in so-called middle England. He feared that Tony Blair's appeal to those people was greater than his, as Prime Minister-in-waiting.

The change from a 22p basic rate to a 20p basic rate was therefore meant to send a clear signal to the media and others that the then Chancellor could connect with middle England and, what is more, that he could continue to outflank the Conservative party on the right by achieving a 20p basic rate, which had been an aspiration of Lady Thatcher and others, but which had not been achieved when the Conservatives were in government. He was going to deliver that, even though the collateral damage was inflicted on people on low incomes. Because their votes were taken for granted by the Labour party, however, there was no need to worry about them.

6 pm

Bob Spink (Castle Point) (Ind): I am grateful to the hon. Gentleman, who is making a remarkably balanced speech and making a lot of sense. Will he share with the House his party's view of increasing personal allowances, but balancing that by increasing the higher rates of tax, so that we properly target the vulnerable and poorer people in society, which is the right thing to do?

Mr. Browne: I am grateful to the hon. Gentleman as well. I am building up an unlikely coalition behind amendment 37, which is precisely what I seek to achieve. I will get to that very amendment in a moment and speak to it in slightly greater detail. The situation that I have outlined was the one that the Government faced, and the calculation made was essentially a political calculation.

Mr. Bone: I am listening to the hon. Gentleman with great interest. I agree with a lot of what he is saying, but I do not believe for one moment that, in celebrating the cut down to 20p, any Labour Member thought that the

poorest in society would be worse off. However, I have not been able to decide whether the move was a Government cock-up or a Government policy. What are the hon. Gentleman's views on that?

Mr. Browne: My view, for what it is worth, is that the Treasury and Treasury Ministers knew perfectly well and were quite cynical in their calculations, for the reasons that I have just given. However, I think that quite a lot of Labour MPs suspended their judgment and only later came to realise the full and awful consequences of what the then Chancellor had announced. Those consequences were awful for two reasons: first, they fundamentally undermined what those hon. Members had come into politics for, which was to try to help people on lower earnings; and secondly, those hon. Members realised that it would be devastating for them electorally when the electorate woke up to those consequences.

Mr. Gummer: Would there not also be support for that view if one took into account the parallel occasion, when the then Chancellor spoke to the CBI and announced the removal of one of the most important green proposals—the proposal to insist that people report on their carbon reductions—in order to send out a signal that he was on the side of business? This is all part of a sad pattern of attempts to get headlines in the *Daily Mail*.

Mr. Browne: That is an interesting point. I will not be tempted too far off the beaten track, Mr. Deputy Speaker, but when people come—very soon—to write the history of new Labour, the 10p tax rate will be the watershed moment, when the Labour party tried to triangulate its way to the right of the Conservative party, in an attempt to crowd it out and leave it no room to have any electoral appeal. However, that was dependent on the left, as it were, not minding about all the efforts to woo middle England, which sometimes meant neglecting Labour's core vote, and on other occasions meant actually punishing it. The 10p tax rate was the moment when the elastic stretched too far. The interesting point about that decision was that it was announced in the final Budget speech by the then Chancellor. That speech was meant to set up his premiership and begin a new era of new Labour, but as we now realise, it did precisely the opposite: it signalled the end of new Labour and the start of the desperate circumstances that the party of government has been in ever since.

The new Chancellor of the Exchequer was left in a difficult situation. We all have sympathy for him, just as we have sympathy for the team of Ministers who have to stand up in this debate and justify the position in which the Prime Minister has put them, because it is hard to unravel the proposal without just reverting to the previous situation. Indeed, with the Prime Minister having announced that the 10p rate was an interim proposal and is now in the distant past, the Government are unable to move back to the situation that existed before. What they have tried to do, therefore, is address the concerns raised by the right hon. Member for Birkenhead and others by spending a lot of public money—more public money, interestingly, than it would have cost to revert to the previous situation—targeting those who were losers as a result of the 10p rate.

However, the problem is that it is hard to do that precisely. What the Government came up with, in their emergency mini-Budget, was a £2.7 billion package, which, extraordinarily, gave money to people earning £20,000, £25,000 or £30,000 a year. Indeed, somebody earning £35,000 a year would have gained from the emergency proposals, whereas somebody on a much lower income would still have been a net loser as a result of those changes. The Government found that £2.7 billion out of nowhere and then blew the vast majority of it on people who were not net losers as a result of the change from 22p to 20p in the basic rate, coupled with the doubling of the 10p rate. That was the most extraordinary act of extravagance, but it was very badly targeted. The proposal was simple to implement, which was its one merit, but it otherwise failed in its objectives.

Where does that leave us now? It leaves us in an interesting position, questioning the Prime Minister's judgment and the party of government's overall strategy and direction; it also leaves us doubting Labour's ability or desire to help the poorest in our society. Indeed, one interesting thread that runs right through the Bill is the number of measures that it contains that are disadvantageous to people who, in other circumstances, might have thought that the Labour party was on their side. It is interesting, for example, that the group targeted for gambling taxes are the people who play bingo, that there is extra duty on a pint of beer and that people at the lowest end of the income scale have not been compensated for the changes that we are discussing in relation to new clause 1. It is hardly surprising, when one looks at those measures, that so many people across the country are concluding that the Labour party, despite its historical record of commitment to them, no longer appears to be particularly interested in helping them in future.

That brings me neatly on to amendment 37, which is the sort of enlightened, progressive measure that people may have thought the Labour party would have championed in the past, but which they have long since given up hoping it will support in future. However, amendment 37 has been put forward by the progressive voice of British politics, which is me and the Liberal Democrats. It is a straightforward measure of the kind that would find favour with the right hon. Member for Birkenhead, who spoke about the need to cut taxes for people on low earnings, which is precisely what we seek to do.

Amendment 37 would raise the personal allowance—the segment of one's income on which one pays no income tax at all—from the current figure of £6,475 in a financial year to £10,000. That would effectively implement a cut in income tax of £705 for anybody earning more than £10,000 a year, but it would also take out of tax altogether 4 million people whose income is above the current threshold but below £10,000. I do not pretend that amendment 37 is a cheap measure. It would cost billions of pounds to implement, which is why my party has identified a range of different ways of funding it. I could go into those at length, but as I talked about them in Committee, perhaps I will not detain the House today.

Before I conclude, however, let me talk about the motive, which is the important feature. In supporting new clause 1 and tabling amendment 37, my party is trying to do two things. The first is to help people on low incomes to stand on their own feet and be less reliant on the state. We realise that everyone needs assistance, and that people on low incomes need it

[Mr. Jeremy Browne]

most, but it is perverse to take money away from people in taxes and then reimburse them through some complicated mechanism elsewhere in the system. Our desire is for people to have an incentive to work because they get to keep more of their income, and to be more self-reliant than they would otherwise have been. We feel that that goes with the grain of human nature and that it is good for people in those circumstances. In the present recessionary environment, it is particularly desirable for people to have greater incentives to work and for those at the bottom end of the income scale to be able to keep a bigger share of their earnings.

Mr. Bone: Is there not a problem with the new proposal, in that it would not reimburse the people who lost out as a result of the abolition of the 10p tax rate, because it is not targeted in that way? The only way to reimburse those people is to reinstate the 10p tax rate. An advantage of the 10p rate was that people would go from paying no tax to paying 10p in the pound to paying 20p in the pound. The problem with this proposal is that they would go from paying no tax to paying 20p on the marginal rate.

Mr. Browne: The hon. Gentleman is right to say that, under my proposal, people would go from paying no income tax at all to paying a marginal rate of 20p in one leap. However, he is wrong to say that the people who lost out as a result of the doubling of the 10p rate would still lose out under my proposal. That is because the threshold that I am suggesting is higher than the top of the threshold for the 10p rate would have been. Of course, there would be extra costs involved, because many other people would benefit from my proposal. I went through the funding implications at some length in Committee.

The measure that I am proposing in amendment 37 is strongly compatible with new clause 1, and it has a similar objective. I said earlier that there were two aspects to our objective. The first is to incentivise people to work and to be self-reliant. The second is to create a fairer society. At the moment, many people on low incomes pay a very large proportion of their income in tax, partly because some of their consumer preferences are highly taxed. However, it is undesirable to levy income tax on people who are earning less than the minimum wage, only to try to reimburse them through an elaborate system of compensation. That is inefficient, and it reduces their ability to be self-reliant and their incentive to work. For all those reasons, we are keen to support new clause 1 and I urge hon. Members to support amendment 37.

Ms Keeble: I strongly support new clause 1 because it deals with an issue about which I have been concerned. I want to make some remarks about a particular group of people—namely, women between the ages of 60 and 64. I very much welcomed the introduction of the 10p starting rate of tax because it seemed an extremely progressive move. It represented a good stepping-stone on the way to paying the full rate of tax, and provided a welcome tax reduction for a large number of people on low incomes. It also seemed to provide a real incentive for people to go out to work, because they would not lose all their money to tax. Given that it was so successful, it is a great shame it was not retained as a proper part of the tax system.

6.15 pm

The decision to scrap the 10p rate did two things. First, it caused real practical difficulties, because people's tax went up. For people in a certain band, it doubled. Secondly, for the group of women I have mentioned, it produced a massive grievance. It is that second point that I want to deal with. The sense of grievance is as much a problem for them as the practical one of paying more tax, and it has persisted even though the Government have taken steps to deal with some of the practical issues.

I had exactly the same experience as the hon. Member for Fareham (Mr. Hoban), in that women came to see me with letters telling them that their tax was going to double. In some cases, their husbands came to see me and said that their wives were worried because their tax was going to double. They asked me whether I could look into the matter. Those women had worked hard all their working lives, sometimes starting out paying the married women's stamp. They had brought up their children and they had done everything right. Their real grievance was that, having retired, they found that part of what they thought was going to be their retirement income was going to be eaten up by the extra tax.

I recognise that single working people on low incomes also have a problem, but it is much harder for people on fixed incomes. People who have been retired for a while, or who are about to retire and are trying to plan for the rest of their lives, do not have so many options. It is hard for them to come out of retirement and go back to work. They do not have the same options for increasing their income. It is also harder now because work is harder to find. If people see that their family income is going to go down, they will try to increase their work by taking on extra shifts or doing something else to get the family income up to the level they need. However, that is obviously much harder for those who are retired and on a fixed income.

A figure of 300,000 has been cited as the number of women in that position. I am sure that it would have been much higher, but women have had a real problem getting any substantial income in retirement at all. That has been well documented by Lord Turner and others. For women in this position, the problem is, in a sense, a result of their success. They have worked hard to make the necessary provisions and arrangements, and now find they are being hit precisely because they have been careful to ensure that they have an adequate income in their retirement, which is liable for income tax.

I do not know whether the hon. Member for Fareham wrote to the Chancellor, but I did. I have to say that the consequences of my doing so were even worse than the problem I had in the first place. The letter that came back said, in terms, "Yes, we recognise that the tax will double. However, please tell your women pensioners that they don't have to worry, because their husbands will get an increased allowance." That is because their husbands are mostly older than they are, and they will get a higher personal tax allowance once they reach 65.

That response intensified the sense of grievance. If there is one thing worse than telling a woman she is being discriminated against because she is a woman, it is telling her that everything will be all right because she will be able to depend on her husband to look after her in her old age. That was about the worst idea the Chancellor ever had. I cannot even remember whether I

sent those letters out—I was so appalled at the idea of having to tell my women constituents that they were going to have to depend on their husbands in their retirement. That was not a sensible thing to say at all. Those women are very independent-minded. They have spent all their working lives working and providing for themselves and their families, and they often took life much more seriously than their husbands did.

I fully recognise that real progress has been made on a practical front. I also strongly suspect that, while a lot of thought was given to tackling poverty, the impact of the abolition of the 10p rate on women pensioners simply was not properly thought through. The House has spent a long time arguing for the position of women pensioners. A number of women Labour Members have argued that the position of women pensioners must be properly respected and that some thought should be given to ensuring that proper arrangements are in place for women to have a reasonable income in their retirement. I suspect that the matter was not thought through too carefully. None the less, while some of the practical issues have been resolved for this group of women, the sense of grievance is still there.

Although I have a great deal of sympathy with and am grateful to my right hon. Friend the Member for Birkenhead (Mr. Field) for introducing the new clause, I will not vote for it tonight. I wanted to raise this issue and discuss it because it has not been properly debated so far. Furthermore, I do not think that my constituents would thank me for the unforeseen difficulties that the Budget would face if the new clause were passed. We have to look at the practical side, as well as at the issue of what happens to women pensioners.

I hope that Treasury Ministers will look again at this issue; we are talking about only a small group of people, although I wish it were bigger. Given how much women work and provide for their retirement, more of them should have a pension income sufficient to be liable for tax. It is only because of the position women have faced—earning part-time wages, lack of access to occupational pensions and difficulties in securing private pensions—that more of them are not in that category.

Mr. Bone: The hon. Lady is making a sensible speech. I notice that her name appears on the amendment paper as a signatory to new clause 1, so is she really saying she is not going to support it?

Ms Keeble: No, which is exactly why I have explained my position on this amending provision and pressed Treasury Ministers on the issue of women. I have also explained why, if I am asked whether my constituents would thank me for causing the problems that would occur if the Budget did not go through, I do not think they would. *[Interruption.]* No, it is not unbelievable. As the hon. Member for Wellingborough (Mr. Bone) knows perfectly well, Members frequently table probing amendments so that they can flag issues up and get them debated. Plenty of Members do that. I am standing here to explain why I signed up to the new clause and why I am going to vote in the way I have indicated.

Mr. Roger Godsiff (Birmingham, Sparkbrook and Small Heath) (Lab): I have listened to what my hon. Friend has said. Will she explain what she thinks would happen if the new clause were accepted this evening?

Ms Keeble: I think we can hear about that from Ministers.

Mr. Godsiff: I was going to ask them later.

Ms Keeble: I am very clear that if we start delaying the arrangements for tax and other payments, the consequences could well be problematic. If I asked my constituents whether they wanted the country run properly or not, I suspect that they would side with what I am doing.

A number of Members, including my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones), have said that this is all about poverty. For some, that is absolutely true—it is about the poorest in our society—but the people who have lobbied me most on this issue, particularly the women in the age category I mentioned, suggest that it is not just about the depth of poverty. A number of those women were not in the poorest groups; they were on modest and reasonable incomes. I am thinking in particular of a woman whose door I knocked on some time ago. What grieved her most was that although she could afford to pay tax, she had worked really hard all her life and budgeted for a certain income in her retirement, yet suddenly saw it being hit. She will be hit because although the tax threshold has been raised, she has not been fully compensated.

Mr. Jeremy Browne: Will the hon. Lady write to that very constituent to tell her that she had an opportunity to right that wrong this evening but decided not to, or will she send her a copy of the new clause signed by herself and say that the constituent can be reassured that the issue was raised through her MP in the House of Commons?

Ms Keeble: I will be completely honest and send her a copy of what I have said, so she can see for herself. If she disagrees with my judgment, that is fine; it is her decision. The hon. Gentleman is completely wrong if he thinks that simply voting for the new clause and seeing it through would produce all the consequences he has talked about. There are ways of dealing with the problems of the group I am most concerned about—looking at differences in tax rates for income from pensions, for example—and other ways of ensuring that retired women pensioners on fixed incomes get the same tax advantages as their husbands, who might be older and also retired. We do not want this false position whereby women retire earlier, only to find that they are clobbered at a time when they cannot vary their earnings and are stuck with it.

What most concerned my constituent was the fact that she was being discriminated against because she was a woman pensioner and had to pay an increased tax rate, even though she had retired at the proper age. I ask my right hon. Friends on the Treasury Bench to deal with that point. My right hon. Friend the Member for Birkenhead has spoken about the generality, and many Members have spoken about different groups in poverty. Will Ministers focus on women aged 60 to 64 who have retired, striven hard to provide a pension and made arrangements to secure a decent income, only to find that they are affected by the higher tax rate? As I have said, they have a profound and abiding sense of grievance at being hit by that tax increase in their retirement.

Mr. Cash: It is said, "For whom the bell tolls"—well, there is no question but that the bell tolls for new Labour on this proposal. The Government have turned the values of new Labour and old Labour upside down by what they have done. To those who think that the vote by the Conservative party has an element of cynicism about it—*[Interruption.]* No, not at all. To those people I say that one of our greatest Prime Ministers, Disraeli, wrote a tale of two nations in the book "Sybil", which set out for its time the way in which Governments, as in our own time, create divisions in society by arrangements of this kind. The Government's proposals are totally unacceptable.

Many people in our constituencies are deeply affected by those proposals. People in rural areas, for example, suffer from increasing poverty; dairy farmers in my constituency are similarly affected. Small businesses and individuals are going bankrupt under the burdens they are suffering under the present economic recession. It has been suggested today that the number of unemployed might be as many as 3.2 million next year. That is the reality of the direction in which the economy is going, as taken by this Government.

While the Government bail out the bankers, the poor are battered by the proposals on the Government's agenda. There are broken promises, and it is down to Parliament to deal with them.

The hon. Member for Stoke-on-Trent, Central (Mark Fisher) said that it was time to put Parliament first. Let me add to what he said: it is time to put people and Parliament first. That is what we must do, and that is what the proposal from our Conservative side of the debating Chamber must deliver tonight. The good and honest Members on the Labour Benches have evaluated the meaning of Labour for their own people, and we will do the same for our people. We have constituents who are equally poor and who need to be protected, and I believe profoundly that we have a duty to support them tonight.

6.30 pm

In an intervention earlier, I referred to the big landscape against the background of the actual figures of debt. The Government continually insist on a figure of £1 trillion, but according to the Office for National Statistics, and as I have said since 7 October last year—ably supported by other Conservative Members who insisted that the Government's figure was a complete fabrication—it is £3 trillion. The impact on the economy will be huge, and hence the impact on the very people whom we are trying to protect tonight will be all the greater, given bankruptcies, increased unemployment, greater rural poverty, and greater problems for the elderly. We must give help to those people, in conjunction with the help that can be provided by credit unions and the like, which I hope to encourage in my constituency. It is no good bailing out the banks when the people at the lower end of the scale will be worse off.

It is essential that we vote tonight, and show the less well-off in our constituencies that we are prepared to protect them. The other day, my right hon. Friend the Leader of the Opposition talked about the potential for riots. When the scale of a problem presented by proposals such as this causes such a reaction among the people who will be affected, we can be in no doubt that there will be serious trouble by the middle of next year. It is therefore essential for us to introduce remedial measures to ensure that the poor are not affected by the Government's proposals.

The landscape of the total debt figure is so huge, and the impact that it will have on the man in the street at the lower end of the income scale is such, that we must do all in our power to ensure that we protect people. By voting as we will this evening, we will guarantee that protection.

Kate Hoey (Vauxhall) (Lab): I support new clause 1, which bears my name. If my right hon. Friend the Member for Birkenhead (Mr. Field) presses his motion to a vote, I will support it, because I believe that this is our last opportunity to say clearly to the Government that what they did initially was wrong. We then thought that they had accepted that it was wrong, because they made some changes which we welcomed. However, 1.3 million people—according to figures from the Library and the Institute for Fiscal Studies, which I believe to be correct—are still waiting for help. If the new clause is not accepted tonight, there is no chance that anything will be done to help them before either the next Budget or the next general election.

Given that we have a Treasury team and many civil servants and highly paid officials and consultants working on Treasury matters, it is sad that during the period between the previous changes and the current Budget, they could not come up with a solution to compensate 1.3 million people for their loss. Admittedly that number is very small as a proportion of the overall population, but it nevertheless represents some—although not all, as my right hon. Friend said—of the poorest paid people in the country. We would have loved to table an amendment or new clause tonight that did come up with a solution, but the nature of debates such as this makes that impossible.

Notices have been delivered, and the Government Whips have told us how terrible it would be if the new clause happened to be passed. I find that strange. We have been told that the new clause is dangerous: that it would restrict the Government from collecting any income tax for 2009-10, with an estimated cost of £140 billion. We have been told that the services on which the public depend will be put at risk. Do we really believe that if this measure were passed, the Government could not go off and do what they did when the banks were collapsing? The Chancellor was up all night—all weekend—sorting things out and finding a solution. Are we really saying that that could not be done if this measure were passed this evening?

Stewart Hosie: There was such a situation in the United Kingdom earlier this year, when a budget was not passed in the Scottish Parliament. The Opposition worked out quickly what needed to be done, and a week later the budget was passed unanimously with, I believe, one exception. Of course action can be taken to cause a budget to be passed in exactly the way in which the hon. Lady has described.

Kate Hoey: The hon. Gentleman is right. The problem is that whenever we say that we want something to be changed and we know that that is the right thing to do, a reason is given for it not to be done which makes many of those who have supported the measure in

question change their minds and decide not to vote for it. They can all examine their consciences, and it is perfectly right for them to do so.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I accept that the position could possibly be put right within 24 hours, but will my hon. Friend accept just for one moment that, if the Government are right, within those 24 hours an enormous amount of damage could be done to the economy and, consequently, an inordinate amount of damage could be done to the very people whom she and I seek to protect?

Kate Hoey: I am not an economist, and I am sometimes quite glad that I am not, but I see things in a common-sense way. I find it incredible that we should not pass a measure asking the Government to find a solution to the problems of the 1.3 million people who have been so badly hit. The Government have had months and months in which to sort those problems out. It is not up to the official Opposition, the Liberal Democrats, the Scottish National party or my right hon. Friend the Member for Birkenhead to come up with a solution. The Government could have come up with a solution, but they chose not to. They thought that the problem had gone away, but the fact that we are not all still receiving hundreds of letters about the issue does not mean that it has gone away. Most of my constituents who have suffered have almost given up, believing that the Government will not listen.

A woman wrote to me saying:

"I am 58, female, single and childless. I am currently on a low income and, sadly, may remain in this situation—employment possibilities for people of my age being what they are.... I do not wish to be 'well-off' but aspire to living independently and with dignity, which will mean continuing to earn whatever I can for as long as I possibly can. Believing in personal responsibility, I have managed to save some money to provide a meagre supplement to what will be an insufficient pension.... I am one of those who will fall foul of this iniquitous new measure"

on the 10 per cent. tax band.

"I cannot believe that this has been brought in by a Labour government and particularly by our current PM. For the whole of my life I have voted Labour.... I am so astonished at this measure ... I cannot express strongly enough my outrage towards my Labour government that such an attack should be made on low earners like me, young or old."

I have received a number of similar letters, and I am sure that all Members were being visited by their constituents months ago. However, people have become fed up with going on and on about the issue, because they feel that the Government are not listening. Tonight's debate gives us all an opportunity to say that the problem must be solved, and could be solved.

I hope that if my right hon. Friend the Member for Birkenhead presses his motion to a Division and the new clause is accepted, the Government will sit up all night and, indeed, for the next 24 hours. We have until 5 August in any event, and there is no huge impetus for the problem to be solved in the next 24 hours, but it could be none the less. Let us sort the problem out. Let us show that we realise that the poorest people in our country are being hit and that that was a mistake, or, if not a mistake, the wrong decision. Let us show that we want to change it—and the only time when we can change it is tonight.

Mr. Drew: I can say little more than my right hon. Friend the Member for Birkenhead (Mr. Field) or my hon. Friend the Member for Vauxhall (Kate Hoey). I rise with considerable sadness and with a quizzical outlook. I want to hear some answers from Treasury Ministers to some fairly obvious questions. Two and a half years ago, the 2p reduction was made to the basic rate, and the 10p rate was removed as a means of funding that.

I do not understand why it is so difficult to track down the real losers. If there are 1.3 million losers, I would have thought that the finest minds in the Treasury working night and day would have been able to identify who they were and what the impact on them has been. What numbers have been crunched and what decisions have been made to try to do what the Government set out to do when they realised their mistake? Why did they not go further on earlier occasions to deal with a running sore, something from which we cannot hide? We have made some of the poorest people poorer. That is unacceptable, but it is something that we can rectify even at this late stage.

I intervened on the hon. Member for Fareham (Mr. Hoban) to say that if only we had spent more hours dealing with tax avoidance and fewer hours making the poorest poorer, some Labour Members would feel that our time here had been well spent. Even at this late stage Ministers must realise that they must do something. They face the possibility of a large rebellion tonight; that has been coming for the last two and a half years. There have been various skirmishes but tonight it is for real. It is a question of poverty and of trying to make the case for those who have been made worse off by a change that was not thought through.

At the time some of us thought that it was a pure gimmick. There was a debate to be had about whether the 10p rate was the most appropriate way to try to help the very poorest in our society. Part of the problem that I have is that we do not know who these 1.3 million people are. They are not a group; they are individuals—I will not go into the question of there being no such thing as society. However, this is not one homogenous group. There is a need for measures to deal with these different people even at this late stage. I am looking for Ministers to come clean on this. What measures have they explored to try to help those who have been hit? Those people have written to all of us, which makes it so much more difficult. We cannot say it is those who are 16 to 18, or 18 to 21, or single pensioners—women largely—aged from 60 to 65. Many of those are in that group but they are not the totality. There are others. My hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones) mentioned couples with no children who are in this group and feel particularly hard done by because they have struggled to stay in work and to earn a decent living. They saw the 10p rate as a good way of rewarding them.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Does my hon. Friend agree that there has been some talk in the past 48 hours that if this new clause is passed tonight, the following morning the Government will not be able to collect taxes, the markets will crash and government will grind to a halt? Does he not agree that these are tales to frighten children and that people should decide to vote tonight on the merits of the arguments and not on implicit threats from Treasury Ministers?

Mr. Drew: I always think it is better to win the debate through argument than through other ways—for example, people instructing us it is better to vote one way rather than another. I am looking to Ministers to go through the arguments presented by my right hon. Friend the Member for Birkenhead and to say that the situation is not as he described it. So far that has not happened. There has not been a willingness to engage and to find an alternative way we could take this forward, other than some of the measures introduced in both the pre-Budget report and the previous Budget.

We are at a difficult stage now. We need to recognise that the hurt among core Labour supporters remains. Some of us will find it very difficult not to want to go back to where we were, which was to recognise that these are the people whom we cannot afford to be made worse off. That is what Ministers need to do and that is what I look to my right hon. Friend the Financial Secretary to do now.

6.45 pm

Mr. Timms: We have had a very good debate. At Budget 2007, the Government announced the abolition of the 10p rate and changes to personal tax and tax credits. Most households were compensated by other parts of the package, but my right hon. Friend the Member for Birkenhead (Mr. Field) and others argued forcefully and successfully that more needed to be done. The Government accepted that and on 13 May last year my right hon. Friend the Chancellor announced an increase in the personal allowance. Most people began to benefit from that from last September by a total of £2.7 billion. Some 22 million people on low and middle incomes saw their tax reduced by £120 in 2008-09 and 4.2 million of the original 5.3 million households who lost out from the abolition of the 10p rate received as much or more than they originally lost, but not higher rate taxpayers. I was glad that the hon. Member for Taunton (Mr. Browne) intervened to make that point.

On Report of last year's Finance Bill, which made the changes that were announced, my predecessor, my right hon. Friend the Member for Liverpool, Wavertree (Jane Kennedy), was asked by our right hon. Friend the Member for Birkenhead and others about further commitments. She argued that we had substantially reduced the number of losing households but she acknowledged that there were still, at that time, just over 1 million households losing out, and that we needed to do more to help. The hon. Member for Fareham (Mr. Hoban) suggested that we then did nothing. That is simply untrue.

In the PBR, the Government announced further support. We rolled forward the increase to the personal allowance announced in May, increasing it by a further £130 above inflation. Those changes now fully compensate over 90 per cent. of the 5.3 million households who would otherwise have been paying more, reducing the number to around 500,000 households in 2011-12. The maximum individual loss is now £92 a year, or £1.77 per week, if there is no offsetting tax credit gain. The average loss for a household is now less than £1 a week. I agree with those who have said that even a loss of that size is significant for some of the people we are talking about, but it is important to make it clear that we are not talking about average losses of £2 or £3 as has been suggested. *[Interruption.]* May I make some progress because I know that the House is anxious to conclude the debate?

It is not the case that all these losing households are low-income households. Relatively few are in the lowest income decile, because many in that group do not pay income tax, and we have taken an additional 800,000 people out of income tax altogether through the steps we have taken. Of the 500,000 households that remain, some 100,000 are in the highest income decile. For example, if a household comprises a City banker and a second earner who lost out from the abolition of the 10p rate, that household is included in the 500,000. There are 100,000 of the 500,000 in that category. The new clause would prevent the Government from collecting any income tax until well-off households like that were made even better off. I cannot believe that that is the intention, but that would be the effect of the new clause. At the 2008 PBR, we acknowledged that, although the number of losing households had been reduced by 90 per cent., there would still be some who lost out. Although public concern has not been completely eradicated, it has certainly been substantially allayed by the changes we have made.

There has been some discussion of the impact of the new clause, and I want to comment on that. Income tax is an annual tax that needs to confirmed annually in each Finance Bill. If the new clause were carried, without some rather desperate measures we would be unable to collect income tax this year, and income tax already collected would have to be repaid. The chaos does not bear thinking about.

Let me comment on the position of the Conservative party. The Conservatives did not object to the abolition of the 10p rate, and the 10p rate has not been mentioned in any Conservative amendment to the Bill. They have not previously supported amendments on this topic moved by my right hon. Friend the Member for Birkenhead—presumably, in the past, because of concerns in respect of fiscal responsibility. They have not today suggested any mechanism for compensating losing households, despite my giving the hon. Member for Fareham the opportunity to do so. Yet now they are set to abandon fiscal responsibility and follow their leader, who signed the amendment, through the Division Lobby to block the collection of income tax. Lest anyone thought the Conservative Opposition were fit to form a Government, their disgraceful position today shows that they are not.

Several hon. Members *rose—*

Mr. Timms: I want to make a little progress for now, and say the following to my right hon. Friend the Member for Birkenhead, for whom I have great respect. I agree with my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher) that my right hon. Friend and those who have worked with him have achieved a very substantial amount through their pursuit of this matter over the past couple of years. The terms of this new clause are, however, impossible for the Government to comply with. We could only do so by announcing large sums of extra spending—£2.6 billion this year if this was to be done by increasing the personal allowance further—and the imperative of fiscal consolidation rules that out. Alternatively, we could come up with some

very complex means-testing arrangement, which would reduce the cost somewhat but also introduce unmanageable new processes. With the best will in the world, that would take a considerable period of time, and in the meantime we would be unable to collect income tax.

That is not to say that there is nothing we can do. I and my colleagues would be very happy to discuss any ideas my right hon. Friend or others might want us to consider before the pre-Budget report, and to see if we can help further. My hon. Friend the Member for Northampton, North (Ms Keeble) and others highlighted concerns about women who retired at 60 after a lifetime of work and who will now pay more tax than they had expected until the age of 65, and there are also other concerns about the particular circumstances that some people face. We will be happy to look at those, too.

Ms Keeble: Will my right hon. Friend not only look at the practical consequences to do with the money these women have lost and the fact that that comes out of pension income and not earned income, but address these women's real sense of grievance that they were discriminated against and told, "Not to worry, dear; your husband's got a higher tax allowance"?

Mr. Timms: Absolutely—and that should certainly not have been said to anybody. There is a sense of grievance, although it is substantially allayed by the changes we have made. I will certainly be happy to look at those points over the next few months, however.

Mr. Godsiff: Will the Financial Secretary briefly explain what would happen if new clause 1 were carried this evening? Is he saying that if it were carried, the Government's tax-raising powers would end?

Mr. Timms: Well, the power to collect income tax ahead of Royal Assent is founded on the Provisional Collection of Taxes Act 1968, section 1 of which provides that a resolution under the Act has statutory effect for a specified period. One of the things that brings that specified period to an end is rejection of the provisions of the Bill reflected in the resolution, so we would not have until 5 August to carry on collecting income tax. As I have said, there would have to be some rather novel legislative interventions rather quickly.

David Taylor (North-West Leicestershire) (Lab/Co-op): I moved a not dissimilar measure in the equivalent debate in July 2008, and I offered a formula to the Minister at the time. I did not press it to a Division because I was assured that strenuous efforts would be made to remedy the remaining problems. There appear to be 500,000 families and an average of £50 each, which amounts to £25 million. Can the finest minds in the Treasury not fashion a method of compensating for that £25 million that does not involve a factor of hundreds of millions of pounds in excess? I cannot believe that that can be true.

Mr. Timms: Actually, it is true, and we have taken strenuous measures. I think my hon. Friend is suggesting some very complicated means-testing system that would require, for example, a very large number of people to fill in self-assessment forms who do not currently have to do so, and who would not know until the end of the year what their income tax was. I want to underline the fact that I am very happy to look at suggestions that Members and others may want to raise between now and the PBR. Blocking income tax is not the answer, however, and I ask my right hon. Friend the Member for Birkenhead to withdraw the new clause.

The hon. Member for Taunton described amendment 37 as progressive. He also had the good grace to acknowledge that it would cost a fair amount of money: £18.5 billion actually, so it is completely unaffordable. I do not think the House will be attracted to it, despite the oratory that he employed to urge his move upon us.

Amendment 40 provides for the adjustments that have to be made between settlors and trustees of a trust. It seeks to set out a mechanism for payment of tax by settlors, and addresses settlor-interested trusts and certain trust income of children that is treated as income of the settlor of the trust. I say to the hon. Member for Fareham that these changes are not necessary, however, as what they seek to achieve is already allowed by the rules. If he needs me to provide any further detail on that, I will be very happy to do so.

New clause 1 and amendment 37 challenge the Government's response to helping families now and to compensating those who lost out from the abolition of the 10p income tax rate. I pay tribute to my right hon. Friend for leading a lengthy campaign on this issue, which has been effective and successful. He was right to raise it, and he has brought about significant changes. My case is that our response has been fair, straightforward and effective, and that it substantially deals with the concern raised. I understand that there are continuing concerns, and we are happy to continue to look at them, but halting the collection of income tax is not the answer.

Mr. Frank Field: There is clearly something wrong with our procedures when Members who wish to reform a Budget constructively have to resort to tabling a new clause that, according to my right hon. Friend, will blow the House and everything else asunder if we press it to a vote. It is very significant, however, that he did not say in response to the intervention of my hon. Friend the Member for Birmingham, Sparkbrook and Small Heath (Mr. Godsiff) what would happen if we passed the new clause. We all know perfectly well that we are not rejecting the Budget. We are not rejecting these powers; we are putting a temporary hold on them. Let us suppose, however, that my right hon. Friend is right about the outcome. We know perfectly well what any rational, sensible Government with a real wish to live would do. They would immediately come back and say that they would have a vote of confidence now and insist that it is passed, and one would hope that, with a little humility, they might come back with the measures we are all asking for.

This debate has been quite a simple one, although it has taken a long time. When I opened it, I said that although there were different views among those on this side of the House—those of old Labour, new Labour and just Labour—the great golden thread that linked us all and sent us here in public life was the desire to protect the poorest. We might have disagreed about everything else, but that was sacred to us. This 10p measure that the Government introduced has tried to break that golden thread.

[Mr. Frank Field]

Of course, the Government have taken some measures, but they have not taken a single measure that specifically helped those who lost out by the abolition of the 10p rate. The Government have taken other measures that have benefited taxpayers generally, including those who were losers from the abolition of the 10p rate, but they have taken no specific tax measure to compensate that group. Tonight is our last opportunity to say to the Government that they need to renew their faith and our faith in the tradition that sent us here, so that when we go into that general election—

7 pm

Lynne Jones: I am trying to decide how to vote should my right hon. Friend press this matter to a Division. The only practical way of dealing with this situation is by a general increase in the threshold above which people pay tax—that would, however, also help other people—because targeting those losers specifically would be enormously complex, and I am not in favour of such complexity. In such an approach, the money could then be clawed back at the higher level. Is that what he is proposing? We need to have a practical measure to deal with this problem that will not cost billions.

Mr. Field: I am grateful for that intervention, because it allows me to point out that the Minister keeps saying that the Government are open to suggestions, but we have been making suggestions ever since they got us into this mess by abolishing the 10p rate. The most obvious way to bring justice without having to eat humble pie and reintroduce the 10p rate would be to raise tax allowances by the amount that made sure that there were no losers earning less than £18,000 and claw back that increase from the rest of us by adjusting national insurance. Such a measure would be targeted and effective, and it could be done this year. The trouble is that when such suggestions are made, they are not ones that the Government favour and so they reject them. That is fair enough, but they cannot then keep saying that they are open to suggestions.

Mr. George Howarth: I suspect that my right hon. Friend is correct about the proposal that my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones) just made. Why then did he not table it as his new clause?

Mr. Field: As I have been explaining, I cannot do that. The House of Commons has this absurd procedure whereby either we let things through or we table proposals such as this just to hold the Government back for a moment, so that they have to think again. We are then accused of trying to press the nuclear button. The constructive thing that we cannot do in Budget debates is propose how the Government might get out of the big hole that they have dug and fallen into. As we now have a reforming Speaker, I hope that that is one of the areas in which we will bring about change, but that is for the future. Today's debate is about whether we demand additional measures to help those who earn the smallest wage packets in our country; it is about whether we rectify the attack that the abolition of the 10p rate made on their standard of living. The Minister has mustered all his skill from the Front Bench. He has given us reassurance, but he has not given us any actual proposals. As a result, I shall press new clause 1 to a Division.

Question put, That the clause be read a Second time.

The House divided: Ayes 268, Noes 311.

Division No. 184] **[7.3 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Birtley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Caton, Mr. Martin
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fisher, Mark
Flynn, Paul
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heaver, Mr. Dai
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John

Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prentice, Mr. Gordon
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Wishart, Pete
Wood, Mike
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Frank Field and
Mr. Roger Godsiff

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith

Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, rh Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pound, Stephen
Prentice, Bridget
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and Mr. Dave Watts

Question accordingly negatived.

New Clause 3

OFFICE OF TAX SIMPLIFICATION

'(1) The Treasury shall establish an Office of Tax Simplification.

(2) Its mandate shall be to—

(a) review tax law

(b) make proposals on tax law reform and simplification.

(3) Regulations shall specify the governance arrangements of the Office of Tax Simplification.

(4) Regulations made under this section may not be made unless they have been laid before, and approved by a resolution of, the House of Commons.'.—*(Mr. Gauke.)*

Brought up, and read the First time.

Mr. David Gauke (South-West Hertfordshire) (Con): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following: new clause 4 —*Holiday accommodation report*

'(1) The Chancellor of the Exchequer shall, before the publication of the 2009 Pre-Budget Report, have compiled and laid before the House of Commons a report containing an assessment of the impact of—

(a) section 503 of ICTA, and

(b) Chapter 6 of Part 3 of ITTOIA 2005,

on the liability to tax of commercially let furnished holiday accommodation.

(2) Any such report shall address the impact on the UK tourism industry.

(3) A Minister of the Crown must, not later than one month after the report has been laid before the House of Commons, make a motion in that House in relation to the report.'.

New clause 6—*Competitiveness of the tax system*

'Prior to the first reading of a Finance Bill, the Treasury will lay before Parliament a report on the impact on the competitiveness of UK economy of—

(a) the measures set out in that Finance Bill,

(b) the rates of—

(i) corporation tax,

(ii) income tax,
(iii) national insurance,
(iv) capital gains tax,
(v) excise duties, and
(vi) vehicle excise duties,
(c) the complexity of the tax system, and
(d) the relationship between the HMRC and the taxpayer.'.

Amendment 36, in clause 8, page 3, line 31, at end insert—

'(2A) At the end of subsection 13(3) of ICTA 1988 (small companies' relief), insert—

"(3A) Where in any accounting period the profits of a company do not exceed 1/12 of the lower relevant maximum amount, the company may claim a further reduction (to be known as the "very small companies' relief") on the amount of corporation tax payable under this section.

(3B) The Chancellor of the Exchequer shall, by regulations and within three months of Royal Assent, prescribe the level of the very small companies' relief.

(3C) Regulations made under subsection (3B) may not be made unless a draft of the statutory instrument containing the regulations has been laid before, and approved by a resolution of, each House of parliament."'.

Mr. Gauke: We now turn to another crucial subject, although I do not know whether it will hold Members in the Chamber for long. New clause 3 and the others in the group deal with tax competitiveness—*[Interruption.]*

Mr. Deputy Speaker: Order. We have important business to continue with. Will Members please leave the Chamber quickly and quietly?

Mr. Gauke: New clauses 3 and 6 specifically address and seek to improve the competitiveness and attractiveness of the UK taxation system. I hope that there is consensus in the House that it is important that the UK has a competitive taxation system. I hope that that is not in any way controversial, although it is perhaps worth reminding the House of the words of the right hon. Member for North Tyneside (Mr. Byers) on 27 April:

"The United Kingdom needs a tax regime that is not only fair, but internationally competitive and attractive."

He made that point in the context of a debate on the Budget and, in particular, the proposal about the 50p higher rate income tax. He said that

"the measures in the Budget will make the United Kingdom less attractive."

I am arguing for a competitive taxation system in the United Kingdom, and some would criticise that approach by attempting to suggest that it is somehow unfair or inherently against the arguments for social justice. Again, it is worth quoting the remarks of the right hon. Member for North Tyneside, who stated that

"wealth creation and social justice are two sides of the same coin. We need wealth to be created if we are to provide the money to finance our social programmes." —[*Official Report*, 27 April 2009; Vol. 491, c. 616.]

It is in that context that we have tabled new clause 3 and new clause 6. It is important that the UK has a competitive tax system but the concerns about it are becoming stronger.

Mr. Jeremy Browne: Does the hon. Gentleman share the concern held by me and the right hon. Member for Witney (Mr. Cameron) that there are far too many quangos in Britain and that the cost is prohibitive? Does he worry that this extra quango is a step in the wrong direction?

Mr. Gauke: I am grateful to the hon. Gentleman. I shall turn in detail to the office of tax simplification, but I have to say that his intervention was as predictable as it was, perhaps, wrong-headed. Had he read the excellent speech that my right hon. Friend the Leader of the Opposition made yesterday, he would have seen that it set out the reasons why it is necessary and desirable to have some organisations that bring technical expertise to an area or provide a degree of transparency as to how matters are dealt with. Such matters are better dealt with outside government rather than inside government. I will make the case that the office of tax simplification meets all those criteria.

David Taylor: Is there not a flaw—perhaps two—in what the hon. Gentleman is saying? Competitive taxation is one of the concerns that are way down the list of those who are considering where to locate themselves as employees or the businesses that they may own or operate. Is it not the case that we must have a competitive corporate tax rate? How many countries would have the majority of their 100 largest companies, as we have in FTSE, paying no mainstream corporation tax? That suggests that we have a very competitive tax rate and tax regime, does it not?

Mr. Gauke: I think I know where the hon. Gentleman got that statistic from, and I am not sure that it is actually right. Perhaps the Minister could respond to that point. That example is often quoted, but my understanding is that it is not necessarily the case. It is right that we should have a competitive taxation system, and I am very pleased that the hon. Gentleman supports that objective. However, the concerns about whether our tax system is competitive are very strong. For example, let me quote the CBI report that was published last year. It says:

"The competitiveness of British business is increasingly compromised by the UK corporate tax system. Only a few years ago the UK was perceived to be one of the most competitive places in the world to do business, underpinned by one of the most competitive corporate tax systems. Today this advantage has been significantly eroded."

Richard Lambert, chief executive of the CBI, has also described our tax system as a

"ball and chain round the ankle"

of the UK economy.

I could even quote the former head of the Prime Minister's business council, who warned the Government to be "extremely careful" on tax policy. It is pretty clear what he meant when he stated:

"The consistency and the nature of (the tax policy) has been hugely attractive to overseas people and to companies. We mustn't lose that competitiveness. It would be very bad for the UK (and) it would be hugely damaging for business."

That head of the Prime Minister's business council is now Lord Davies of Abersoch, the Government's Trade Minister.

A KPMG survey of 50 of Britain's largest businesses published in January 2009 revealed that the percentage actively considering moving their tax residence out of the United Kingdom jumped from 6 per cent. in 2007 to

[Mr. Gauke]

14 per cent. in 2008. In fact, one of those businesses had already left the UK by 2008 so perhaps we should say 16 per cent. We have seen a number of companies relocate their tax residence out of the UK—WPP Group, Shire, and United Business Media, to name but three. Those cases were specifically to do with fear of the regime on the taxation of foreign profits.

It would be fair to say that since the KPMG survey the Government have come forward with proposals that we debated at some length in Committee, and there is some support for those proposals. We raised a number of concerns and, despite the support for the proposals, the concerns remain. KPMG went back to those companies that were actively considering moving their tax residence after the Government had proposed their reforms on the taxation of foreign profits and the fact remained that all but one of them were continuing to consider actively moving their tax residence. One was waiting to see how things developed. It remains a problem, notwithstanding the announcements that the Government have made on the taxation of foreign profits.

It is worth highlighting the World Economic Forum survey on global competitiveness, which addresses a number of issues including tax competitiveness, where the UK's position fell from fourth in 1998 to 15th in 2003. New clause 6 addresses a number of aspects of competitiveness, one of which is rates. Corporation tax rates have not risen but have, in relative terms, become less competitive. Our corporation tax was the third lowest in the EU15 in 1997 and the sixth highest last year. We have a higher rate than the OECD average, which was not the case in 1997. We can consider the rate of income tax. Of course, at the higher rate level of 50p, we will now have one of the highest rates of income tax in the world, not one of the lowest.

There is also the issue of tax complexity. Those who debate such matters will be familiar with the fact that the UK now has the longest tax code in the world and that we have overtaken India in that respect. It is common in such debates to quote the exponential increase in the number of pages involved in tax textbooks. These are real problems that are frequently highlighted by professional organisations and business groups. I shall touch on that point again in a moment or so.

7.30 pm

There is also a lack of predictability that has affected the UK tax system, particularly in the past few years. In a run of Budgets and pre-Budget reports, announcements have been made that were not consulted on and poorly drafted legislation has been presented that has caused significant concern to business groups in the UK. The capital gains tax proposals in the 2007 PBR and the proposals on residence and domicile in last year's Finance Bill are examples of that.

How do we address these fairly fundamental concerns? New clause 6 would require the Treasury to lay before Parliament an annual report on the impact on the competitiveness of the UK economy of measures in that year's Finance Bill. It would also require tax rates, the complexity of the tax system and the relationship between HMRC and the taxpayer to be taken into consideration. The advantage is that that would force the Treasury to focus on the issue of tax competitiveness, and enable Parliament to assess the Treasury's performance in that area. It would also send a strong signal to international investors and businesses about the importance that we as an institution attach to tax competitiveness. The proposal regarding the relationship between HMRC and the taxpayer would also be important in that regard, as it would mean that we all focused on ensuring that Revenue and Customs provided a service to taxpayers that worked to the UK's advantage.

New clause 3 focuses more specifically on the proposal to establish an office of tax simplification. It is an attempt to address the problem of tax complexity, but it would also help with tax predictability. The OTS recommendation is one of three in the report published last year by Lord Howe, the second being a proposal to establish a Joint Select Committee on taxation that would make use of the expertise in this House and the other place to scrutinise Finance Bills and draft legislation. The third element of the Howe report is a proposal for a new convention to the effect that any change to the law with a technical content should be set out no later than the PBR before a Finance Bill is introduced.

The OTS would also report to the proposed Joint Select Committee on taxation, very much as the National Audit Office reports to the Public Accounts Committee. The Howe report proposes that the OTS would be overseen by a steering committee appointed by the Chancellor. Its staff, in some respects like that of the tax law rewrite project, would be made up of a combination of people from HMRC, academics and representatives from the professional organisations and major firms, perhaps on secondment for a year or two.

The OTS's role would be to examine such areas of fiscal law as seem to it appropriate and to put forward proposals for tax law. It would not express a position on rates or yield or make decisions on tax law—it is absolutely right that this House does that—but it would make recommendations.

Mr. Jeremy Browne: I hope that I have not missed this in the hon. Gentleman's speech, but will he say what salary he would expect the head of the OTS to receive? Would that person work full time, or for only a few days a week?

Mr. Gauke: We have not made a decision about salary, and the hon. Gentleman would not expect us to have done so at this stage, but as I shall make clear in a moment, we believe that it would be an important role that would add considerably to the effectiveness and attractiveness of the UK tax system.

It might be worth making some comparisons with other organisations. I have referred already to the NAO, for whose work there is great respect across the House. The way that the NAO reports to the PAC is an example of the House of Commons working very effectively, and similarly Lord Howe proposes that the OTS would report to a further parliamentary Committee. Another comparison can be made with the tax law rewrite project which, as its name suggests, is an attempt to rewrite tax law in a way that is more accessible. We have debated it from time to time—I have debated it with the Financial Secretary—and there is widespread recognition of the professionalism with which the project has been undertaken. The OTS proposal is more ambitious and would require a different type of people but, like the tax law rewrite project, its staff would be made up of a combination of HMRC people, academics and professionals.

Another comparison could be drawn with the Law Commission, which plays a very useful role in making recommendations in technical areas and improving the quality of law as a whole. Indeed, it is worth pointing out that the Chartered Institute of Taxation has called for a long time for the establishment of a tax law commission, a body very similar to the OTS. Lord Howe did not go for that name but he could have done, as the commission would perform a similar role.

Setting up the OTS would have a number of advantages, the first and foremost of which is that it would be a force for making tax law simpler and less complex. An inevitable pressure is exerted by some Chancellors—let me put it that way—to complicate matters, to meddle and to tweak. I think that we can all think of a Chancellor or two who would fall into that category, but the proposed OTS would be a force against that.

The second advantage is that the OTS, in conjunction with the proposed Joint Select Committee, would involve more informed parliamentary scrutiny. Members of this House have to tackle highly technical matters, and the OTS would provide them with more information. It would also require a more deliberative process for making tax law: added to the work of the OTS, Lord Howe's recommendation for a convention that technical matters are published in the PBR would mean that the process was more thorough. That would also provide greater predictability in our tax system, because likely reforms would be clearer at an earlier stage.

The next argument for the OTS is that it would allow the expertise that exists outside the HMRC and the Treasury to play a greater role. I do not mean to belittle the work that those bodies do, but there is an enormous amount of expertise in the professional organisations. Having served on the Committee of each of the last four Finance Bills, I am not convinced that the system gets the best out of that expertise. The proposal would involve more consultation and a greater opportunity for the input of that expertise at an earlier stage in the process, before it becomes a matter of Government climbdowns or political embarrassment for amendments to be accepted.

A related benefit would be a lowering of the barriers between HMRC and the professionals so that the system made it easier for people to spend time working for HMRC, time in private practice, then back to HMRC and so on. Closer co-operation between HMRC staff and those working for the major accounting firms would be welcomed.

The Howe report points in the direction of an improved method of making tax law, and consequently in the direction of improved tax law. At a time when there will be substantial pressures on the public purse and no scope for substantial tax cuts, to put it mildly, and at a time when the rhetoric that we hear from the Government about continuing investment suggests that there will be no cuts in public spending, as we sometimes hear from the Prime Minister, we will see substantial increases in taxes. If that is the case, the least we can do in the context of tax competitiveness is improve the way tax law is made. It is right that we as a party have taken that extremely seriously. We are grateful to Lord Howe for the efforts that he put into producing his report last year. We think the two new clauses are extremely valuable.

Rob Marris: Can the hon. Gentleman say a little more about the philosophical underpinnings of tax simplification? It is all very well talking about getting rid of complexities through simplifications. When one does so, one gets rid of subtleties and discretion, so one is likely to end up with a system more akin to rough justice. Because of the complexities of people's lives, particularly their tax lives, there is likely to be a backlash against that, as we have seen tonight on the 10p issue, which was supposedly designed to get rid of complexities.

Mr. Gauke: The hon. Gentleman makes a good point in the context of the 10p rate. I fear that there are times when the argument for tax simplification has been damaged by that measure and the reforms to capital gains tax. If I were in a more partisan mood, which I rarely am with the hon. Gentleman, I would say that when the Government talk about tax simplification, the taxpayer should count the spoons. I recognise the hon. Gentleman's point, and I recognise that simplicity in the tax system is one, but not the only, objective of an effective tax system. It is not the only thing that matters.

We have a real problem. The point is made by professional groups time and again, and it is one of the reasons why our proposals on the office of tax simplification have been so warmly welcomed by the Institute of Chartered Accountants, the Chartered Institute of Taxation, the Association of Chartered Certified Accountants, the CBI, the British Chambers of Commerce and the Institute of Directors. There is widespread support for the proposals because the balance has not been struck in the past few years.

Mr. Binley: I am listening to my hon. Friend's comments with great interest and welcome the proposal. Does he recognise that for many small businesses, the whole complicated tax system falls proportionally much more heavily on them than on many larger businesses? Does he recognise that the simplification will be a great aid to many small and medium-sized enterprises that are struggling to survive, let alone progress and make massive profits?

7.45 pm

Mr. Gauke: Indeed. My hon. Friend is a strong and eloquent advocate of the interests of small businesses and I am grateful for his intervention. He is right that small businesses have greater difficulties with complexity when they cannot afford the infrastructure of tax advice. Small businesses also suffer most from difficulties with administration of the tax system. By and large, I tend to find that the smaller the business, the more concerns they have about the way in which HMRC works. Larger businesses tend to have more positive views about the way in which HMRC works with them than do smaller businesses.

Rob Marris: Drawing together his response to my intervention and to that from the hon. Member for Northampton, South (Mr. Binley), do I take it that if it were pressed to a vote, the hon. Member for South-West Hertfordshire (Mr. Gauke) would vote against amendment 36, a tax measure proposed by the Liberal Democrats which would favour very small companies, but would lead to greater complexity in the tax system?

Mr. Gauke: We look forward to hearing the arguments made in favour of that amendment by the hon. Member for Taunton (Mr. Browne). My concerns about it are

[Mr. Gauke]

more to do with affordability than complexity. There are better examples of complexity in the system that need to be addressed than whether or not there is an additional rate.

New clause 4 returns to a debate held at the very end of the Committee stage as a consequence of a new clause tabled by the hon. Member for Taunton. It was always our intention to raise this in the Committee of the whole House because it affects a number of constituencies. It relates to the taxation of furnished holiday lettings. Let me put that briefly in context. Until the late 1970s the provision of holiday accommodation was regarded rather informally by the Inland Revenue as a business activity for tax purposes. Consequently, there was favourable income tax and capital gains tax treatment of it.

The Inland Revenue changed this practice in the early 1980s and started to treat the activity as an investment, rather than a business. There was considerable disquiet, and in 1984 furnished holiday lettings were formally treated as a business activity for tax purposes. This year the beneficial treatment of furnished holiday lettings is being extended to properties in the European economic area, but it was announced in the Red Book that the Government intend to abolish the furnished holiday letting rules next year and owners will need to prove that they are running a trade in order for it to be treated as a business activity. We had only a brief opportunity to debate the matter in Committee, and I thought it might be helpful to return to it and perhaps press the Minister, who made some helpful and conciliatory remarks in the Committee of the whole House. I should like to take this opportunity to press him again.

The concern expressed to us is that a number of properties that are currently let out as furnished holiday lettings will be sold before April 2010 to benefit from the advantageous capital gains tax regime. Some may think that there are advantages in doing so, given that such properties tend to be located in attractive rural parts of the country where locals often find it difficult to secure affordable housing. However, we are hearing that many of those homes are likely to be sold to second-home owners, who will use the cottages only occasionally. As a consequence, the properties will not be in use as often; there will be fewer visitors to the countryside; and there is the potential for significant damage to the rural economy. The situation will become more difficult for those currently owning furnished holiday lettings and for holidaymakers wanting to rent out a holiday home in the UK. In rural areas that are popular with tourists, there is particular concern that the measure will have a major impact on their economy. I note that there is particular concern in Devon and Cornwall, where there are some 62,000 furnished holiday lets. They could be substantially affected.

The hon. Member for Taunton raised one point about which I, too, have heard. When the announcement was made in the Budget, there had been no consultation with the Department for Culture, Media and Sport, which has responsibility for tourism. I should be grateful if the Minister would confirm whether that is true, and explain why the Government have voluntarily declared that the existing furnished holiday letting rules are incompatible with EU law. The Government usually have to be dragged kicking and screaming before they ever concede one of those points, but on that issue they seemed rather to move ahead of any court judgment.

Why was there no consultation prior to the publication of the announcement? The Minister says that there will be consultation subsequently, but why has there been no attempt to look more imaginatively at whether there is a revenue-neutral approach that would still provide some protection or favourable treatment to those owning furnished holiday lettings, given the impact that the measure may have on the tourist industry and the unfortunate dynamic effects that may occur?

Mr. Timms *rose—*

Mr. Gauke: I was going to conclude, but I will certainly give way.

Mr. Timms: Before the hon. Gentleman concludes, will he acknowledge the point that I made in our debate, which was in Committee not Committee of the whole House, about European constraints on activity here? The arrangements simply support UK-based furnished holiday lets, not those elsewhere in the European Union, and there is an issue.

Mr. Gauke: I do acknowledge that there is an issue, and extending the treatment to EEA properties clearly makes the concession—the favourable tax treatment—more expensive. I absolutely acknowledge that point. The point that I was seeking to draw out is that the Government's usual approach is not to be so proactive in identifying areas of the UK tax system that appear to be in breach of EU law. There is a long list of cases on which the Government have fought long and hard before making the changes, yet on the issue before us they seem to have rushed rather quickly from identifying it to conceding the point that it is in breach of European law. The Government's wording is that it may be in breach of European law, and I do not know whether that prevents them from running into retrospective difficulties, but I do not want to press the Minister on that. There seems to be some enthusiasm for creating the problem as a consequence of European law, and that is not always the case. If the Minister will respond to those points in his remarks, I shall be grateful.

In conclusion, and returning to the other new clauses in the group, we think that it is vital that everything be done to ensure that the UK has a competitive tax system. In the current fiscal climate, the priority has to be a predictable and workable tax system, and our proposals for an office of tax simplification go some way towards addressing that.

Rob Marris: I want to make a few brief remarks about philosophy, to put it at its most general. Most of my first degree is in sociology, and one thing that I learned during my studies is that people are able to hold contradictory positions. So, for example, it is all the rage for politicians from all parts of the House to talk about decentralisation and local control. We see it most markedly with the national health service. People say, "Let local doctors make decisions, with the local distribution of resources to where health needs are locally determined to be greatest." In the next breath, however, they say, "Oh! It's a national health service and we don't want a

postcode lottery." We saw it graphically 12 months ago when the Conservative party's position was that the NHS should not be run from Whitehall and there should be local control. In the very same speech, however, its spokesperson called for a national moratorium on all hospital closures. Both positions may be desirable, but they are contradictory.

We have seen a certain contradictory nature tonight, and I probed it during my first intervention on the hon. Member for South-West Hertfordshire (Mr. Gauke). On the one hand, the argument runs that we have a tax system that is indeed complex, includes subtleties and allows a measure of discretion; and then in the new clause, we have a proposal for an office of tax simplification, which, were it to proceed not only to be an office but to have a remit for tax simplification, would undoubtedly lead us along the spectrum towards a much more rough and ready system of taxation administration, of decision making on the taxes that should be paid, and so on. That would be rough justice. If that is what the House and the Conservative party want, however, that is an honourable and coherent position.

The difficulty is when the position becomes contradictory and people start running away from its inevitable trajectory. We have seen it graphically tonight from the hon. Gentleman. The group of amendments before us includes amendment 36, which would set up very small companies' relief and mean greater complexity within the tax system. The hon. Member for Taunton (Mr. Browne) will shortly tell us why the measure is desirable, but let us leave that aside and consider the philosophy. We have very small companies' relief in one amendment and tax simplification as the highlight of another. When I probed the hon. Member for South-West Hertfordshire, he did not make it very clear which way his party would like to go on the very small companies' relief proposal—a proposal of complexity.

Mr. Jeremy Browne: Will the hon. Gentleman empathise with my frustration at another Opposition party saying one thing to one group and a completely contradictory thing to another, and seeming to be governed solely by a desire to have attractive headlines in by-election literature, rather than by a coherent alternative vision for government?

Rob Marris: I presume that the hon. Gentleman is talking about the Liberal Democrat "Focus" newsletter published around the country; that is frequently contradictory.

Mr. Gauke: Following the contribution from the hon. Member for Taunton (Mr. Browne), will the hon. Member for Wolverhampton, South-West (Rob M[illegible]n that the age of satire is not dead?

8 pm

Rob Marris: Indeed not; and the age of chutzpah is upon us.

I was discussing two of the new clauses in this group. In one, the Conservative party is pushing for tax simplification; that is understandable, coherent and logical, and in theory it might be desirable. At the first whiff of grapeshot, however, the party starts running in the opposite direction—it appears to be doing so on relief for very small companies, and it is certainly doing so on the furnished holiday lettings rules. Again, the rules might be desirable and it might be right for us to keep them; I am not getting into that. I merely give that new clause as an example, within a single group of amendments, of what I am saying.

The hon. Member for South-West Hertfordshire gives us a lot of stuff about simplification and its desirability. In new clause 4, however, he is saying that a problem exists with the abolition of the beneficial capital gains tax rules for furnished holiday lettings and that he is worried about that favourable treatment being done away with. Doing that, however, would be a simplification.

Mr. Binley: The hon. Gentleman is a clever man, and I have admired his comments again and again. However, is he saying that he does not agree with tax simplification? Britain's tax code rivals India's as the largest in the world. Is he saying that that does not harm small businesses?

Rob Marris: What I am saying is that the issues are philosophically and politically much more difficult than is implied by simply standing up and wrapping oneself in the cloak of tax simplification. Life is more difficult than that, as we can see from the group of amendments. I gave those two examples. There are three new clauses and one amendment in the group. I leave aside new clause 6, which is about competitiveness. New clause 3 is about tax simplification. Amendment 36 would add complexity to the taxation of very small companies. In new clause 4, the abolition of a complexity is resisted by those who say that they pursue tax simplification.

Mr. Binley: Will the hon. Gentleman stop being a lawyer and tell me whether he believes in tax simplification?

Rob Marris: I am simply saying to the hon. Gentleman that the issues are difficult and that I am not going to stand here and show what I regard as chutzpah, to say the least. I shall use a politer expression. I am not going to say, "Oh yes, tax simplification is wonderful," and then put myself in a contradictory position, as the hon. Member for South-West Hertfordshire has done.

Within a group of three new clauses and an amendment, the hon. Gentleman has one in favour of simplification and two in which he apparently comes down on the side of complexity. These things are difficult. Simply grandstanding and saying, "I believe in tax simplification," and asking me whether I do, does not help the political discourse of this country.

Mr. Gauke: May I help the hon. Gentleman?

Rob Marris: I don't need any help!

Mr. Gauke: Perhaps the hon. Gentleman should accept some. An amendment in the group has been tabled by the Liberal Democrats, although it appears to have been associated with us. Yes, we have a new clause on furnished holiday lettings; in it, we attempt to probe the Government's thinking, as an Opposition should. We want to press them on a concern about the impact of a tax change they have announced—rather unwillingly I think; they do not seem particularly enthusiastic about the change, although they feel they have to make it.

We are also setting out an argument for a structure that will move towards a simplified tax system. I do not accept that there is an inherent contradiction. The hon. Gentleman appears to be saying that an amendment

[Mr. Gauke]

tabled by the Liberal Democrats is inconsistent with a new clause tabled by the Conservatives, and that that suggests a contradiction.

Rob Marris: Let us be clear. Let us leave aside Liberal Democrat amendment 36 for the moment; we will get on to that. New clause 4 was tabled by the hon. Gentleman, among others. That new clause is about the tax position of commercially let, furnished holiday accommodation. New clause 3, also tabled by the hon. Gentleman, among others, is to do with tax simplification. All I am pointing out is that the issues are difficult and that simplifying simplification, to coin a phrase, is not helpful. We see it, however, in the position of the hon. Gentleman. He wishes to do the best in respect of commercially let furnished holiday accommodation; I understand his position, although I am not certain that I agree with it. He is concerned about the beneficial capital gains tax regime for that sector of small business being done away with. He wants the favourable treatment, as he called it, to continue. That is counterposed with a demand for tax simplification. All I am saying is that, to me, that is contradictory and demonstrates the difficulties of achieving tax simplification.

Mr. Jeremy Browne: It is difficult to follow that devastating dismantling of not only the new clauses put forward by the Conservative party, but the fitness to govern that the party professes to possess. I was impressed when I read in this morning's edition of *The Times* that Conservative Front Benchers are taking guidance on budgetary affairs from the Liberal party of Canada, the sister party of the Liberal Democrats. The article says that when they met the Canadian Liberals,

"The Conservatives were impressed. Philip Hammond, the Shadow Chief Secretary to the Treasury, and Francis Maude, the Shadow Cabinet minister responsible for policy implementation, requested a private breakfast briefing with the Canadians."

That is how impressed they were.

I am not surprised that the Conservative party is looking for guidance and leadership from Liberal parties around the world. I include the Liberal Democrats here in Britain; I say that because new clause 4 looked extremely familiar to me as I leafed through the Order Paper. I soon realised that that was because I tabled the same clause in Committee. I welcome the support from the Conservative party.

Rob Marris: I gently point out to the hon. Gentleman the perils involved in some of these issues. Having carried out a devastating tax-cutting approach as a federal Government in Ottawa, the Liberals lost the general election. They formed a minority Government under Paul Martin, but they fell shortly thereafter.

Mr. Browne: I defer to the hon. Gentleman's expertise about Canadian politics, although I observe a constant theme: if one wants tough decisions about the future of a country, and balanced budgets, one should look to a Liberal or Liberal Democrat party to make those decisions.

That gets me neatly to new clause 3, and the hon. Gentleman's dismantling of the credibility of the Conservative party.

Mr. Binley: Will the hon. Gentleman give way?

Mr. Browne: Let me talk for a moment about the difficulty that the hon. Gentleman will face when he makes his point. I very much support simplification. Don't we all? Everybody would rather have a simple system than a complicated one. One of the difficulties faced by businesses and individuals is being confronted by a complex tax code and all kinds of micro-incentives that are meant to change behaviour but actually mean that accountants are needed to fill out relatively simple tax returns. That is to be regretted. The objective of a simpler system is shared by all parties; the question is whether new clause 3 is the right way to advance that objective.

Mr. Binley: Does the hon. Gentleman not recognise that in the simplification of any code, the emphasis changes? Part of the code might grow, but the overall effect is for there to be a simpler code in the end. That is how the system works.

Mr. Browne: My first concern is that I take seriously the speeches of the right hon. Member for Witney (Mr. Cameron); I have no reason to believe that he means to mislead anybody. He made a big speech to the think-tank Reform. I serve on its advisory board, so I had a direct interest in what he said. Yesterday, the right hon. Gentleman spoke about the great threat posed to the public finances of the plethora of quangos, which cost a huge amount to administer. When I heard that I thought, wow, here we have a substantial policy—something that I can really latch on to. I have always struggled to get a real feel for what the right hon. Gentleman believes, but yesterday I thought that, he had raised a tangible issue that meant something. I can tell that Conservative Front Benchers intend to follow that theme through in the House of Commons—lots of amendments and new clauses will be tabled to flesh out the agenda to remove the quango state.

Then the following day, and although I appreciate that all new clauses had to be tabled before the right hon. Gentleman made his speech, I find a Conservative new clause that proposes a new quango. I ask the hon. Member for South-West Hertfordshire (Mr. Gauke) this very simple question: how much would the head of the quango be paid? We could get into a bigger conversation about the overall cost, because I assume that it would need a secretariat, central London offices, and a new logo. The Conservatives would want its representatives at their party conference, so they would charge the quango lots of money to host fringe meetings there. It would have an entertainments budget—

Madam Deputy Speaker (Sylvia Heal): Order. Will the hon. Gentleman get back to discussing the new clause?

Mr. Browne: I am grateful for that guidance, Madam Deputy Speaker, but this is directly central to the new clause. This proposed new quango appears to be uncosted. The going rate for chairing such organisations is not cheap, so I can imagine that the person who ran this one would require a big salary, expenses and everything else.

Madam Deputy Speaker: Order. The hon. Gentleman's remarks may well be correct, but perhaps we will restrict ourselves a little more to the terms of the new clause.

Mr. Browne: I think that I have made my point.

I am reluctant, in this time of difficult financial circumstances, to write a blank cheque to the Conservatives so that they can keep coming up with expensive quangos that I fear we cannot afford. The hon. Member for Wolverhampton, South-West (Rob Marris) has already mentioned the inconsistency in their argument. For example, we have just had a vote on a new clause tabled by the right hon. Member for Birkenhead (Mr. Field) that would have meant that we had to rejig thresholds, which would have been very hard to do and would have made the tax system more complicated, yet the Conservatives voted for that.

On the other hand, the shadow Chancellor has a history of being enthusiastic about flat-rate taxes. He came into office saying that he would consider their introduction, but it was only when he did so that he realised how foolish his initial proposal was. At one moment he seems to be in favour of an extreme form of simplification, but earlier this evening he seemed to be in favour of greater complexity.

Mrs. Theresa Villiers (Chipping Barnet) (Con): Surely it is bogus to accuse the Conservative party of undermining the support we have always expressed for simplification just because, on occasion, we support a change in the law that might possibly add one further small complication to the tax system. That argument does not hold together intellectually. We can show general support for simplification while accepting that in certain instances a small degree of additional complication is desirable to achieve policy ends.

Mr. Browne: I think it is legitimate to explore the motives behind the new clause. My fear—I may be wrong—is that the Conservatives tell different audiences what those people want to hear, even if the messages are contradictory. For example, they tell people who are, rightly, concerned about the size of the budget deficit that the Conservatives are the party that will get to grips with it. Then I read today on the front page of *The Daily Telegraph* that they have a wish-list of extra, completely uncosted spending commitments aimed at pleasing people in rural communities. How that is compatible with getting to grips with the budget deficit is a mystery to me. They tell groups who complain that the tax system is insufficiently simple, "Don't you worry—we're bringing in new clause 3 to set up a quango to deal with that", yet the day before they told another group concerned about the growth in the number of quangos that they intended to cut their number. To another interest group that wants great complexity in the system because that would change it to its advantage the Conservatives say that they too favour that greater complexity because they share that interest groups' concerns.

Let me offer the Conservative party some advice. My party has been in opposition for decades, and my colleagues and I have come to the conclusion that the path that the Conservatives have decided to take is not the right one. It looks superficially attractive to a party that has been in opposition for a long time, as the Conservatives have been, because it seems that it can thereby appease all those different groups and that approach will cumulatively add up to something credible. However, the problem with that approach, as I fear that the Conservatives are increasingly discovering, is that those individual initiatives are less than the sum of their parts and do not add up to an alternative prospectus for government.

8.15 pm

Mr. Breed: Is the crux of the matter not simplification but fairness? In an attempt to try to make things fairer for people, there are necessarily some complexities. I, for one, would much prefer to have a fairer tax system, even if that made it mildly more complex. When people look at their tax paperwork, they often compare what tax they are paying with that paid by other groups. While complexity can cause difficulties when we are looking to achieve competitiveness and so on, we should be aiming for a much fairer system, even if, at the end of the day, it is slightly more complex.

Mr. Browne: That is a particularly good point. My hon. Friend may have ruled himself out of the lavishly paid job as part-time chairman of the office of tax simplification, but given that he is not a member of the Conservative party, perhaps he would not have been considered for that role in any case. He makes the entirely reasonable point that although simplification of the tax system is desirable, in a complicated economy it is inevitable that some complexity is needed to ensure that the system is progressive and treats people fairly.

I spoke about new clause 24 in Committee on 25 June. I am pleased that the Conservatives were impressed by my contribution and felt moved to follow suit in their amendment. Is the possibility that the favourable status enjoyed by furnished holiday lettings may not be compliant with European law sufficient reason to introduce the proposed change? That issue is still hanging over the Government. It would be better if we were more certain about whether we are required to make this change, not least because the Government appear to have acknowledged that they did not consult the Department for Culture, Media and Sport and have not made any intelligent impact assessment of whether the measures would be damaging, particularly to rural and seaside communities in areas such as those in the south-west. It is safe to say that there probably would be an adverse impact, but I am not sure that the Government know precisely what it will be. Surely they should know that before they propose any such measure.

New clause 6 is self-explanatory. We are all in favour of competitiveness, although the form that the proposed report took would dictate how interesting or useful it would be.

Amendment 36 would target some additional assistance, at very modest cost, at very small businesses. A form of relief is available to companies with a profit level of less than £300,000, but there are a lot of companies within the range of zero profit to £300,000 profit, and that is quite a big gap. I know that the hon. Member for Northampton, South (Mr. Binley) takes a keen interest in these matters, but it is worth repeating a couple of statistics. According to the Federation of Small Businesses, there are 4.7 million small businesses in the United Kingdom. Ninety-seven per cent. of firms employ fewer than 20 people, and 95 per cent. of firms—19 out of every 20—employ fewer than five people. Cumulatively, those very small businesses are making a significant contribution to the well-being of the economy and to overall employment levels. The amendment would target

[Mr. Jeremy Browne]

some additional assistance at companies making profits of less than £25,000—very small, almost micro-businesses would benefit from some additional assistance to help them to get on their feet, to stay profitable and, in time, to grow into bigger and more profitable organisations. It asks the Treasury to consider how that could best be achieved, so it is not excessively prescriptive, although the regulations would require an affirmative resolution to be brought into effect. On that note, I look forward to hearing the Minister's contribution.

Mr. David Heathcoat-Amory (Wells) (Con): I shall not detain the House long, but I wish strongly to support the new clauses tabled by my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke), particularly new clause 3, on simplification, and new clause 6, on competitiveness.

There is obviously a trade-off between simplification and complexity. These things are never easy, but the entire benefit and tax system in this country has gone much too far towards complexity. There is rough justice in a simple system, but we are now trying to tailor both those systems to take account of every eventuality and the needs of every group. Very often, we cater for the demands of special interest groups and lobbyists rather than try to achieve equality across the board. The result is a system of benefits and tax that nobody really understands and that costs an enormous amount to administer. Nobody really knows what their entitlements are or what taxes they are paying. If we ask people how much tax they pay, either at corporate or personal level, they often do not know. That is bad for democracy.

I am agnostic on whether we need an office of tax simplification. I simply ask my hon. Friend to think carefully before setting up a permanent, full-time body when there are many outside experts and bodies that would willingly give their time and advice for free, particularly if it was augmented by good special advisers.

The whole system of special advisers has been corrupted in recent years, and they are now propagandists more often than not, acting as spin doctors at public expense. At their best, however, they provide independent, expert advice. The last Government had an individual in the Treasury called Edward Troup, who came with a great deal of tax and legal experience. He was able to challenge the revenue department and give advice to officials and Ministers from a commercial perspective, which was extremely valuable. Such advice, particularly when associated with some sort of voluntary body, may mean that we do not have to set up a whole new simplification office.

I have only one point to make on the question of competitiveness, but I want to make it strongly. I reject the notion that international tax competition is bad. Indeed, it is not just the best way but probably the only effective way of countering the relentless upward pressure on tax rates. It is a realistic and effective constraint on Governments to know that if they push taxes up too far, they will lose business and revenue. My hon. Friend gave some good examples of when that has already happened. I am afraid that by international standards, we are now a rather high-tax jurisdiction, and we are paying a daily penalty in the loss of revenue and employment. However, that is an effective constraint.

Of course, the reaction of Governments is to try to form a tax cartel internationally to prevent tax competition. In 1997, when the Government first came in, they encouraged a European Union package to prevent what was called "harmful tax competition". There was an EU committee, chaired by a Government Minister, to try to form a cartel to keep the EU as a high-tax, high-regulation regime and prevent what it called unfair tax competition. That was defined as meaning any competition that might affect the location of business activity, so almost any lower taxes in any part of the EU could be called unfair.

What that committee could not do was prevent the rest of the world from providing competition. The obsession with the idea that there is too much tax competition in the EU blinds us to the real challenge, which is whether the EU as a whole is competitive in the wider world. There, too, we are losing altitude. The EU is demonstrably less competitive now than it was 10 or 20 years ago, and we are paying a heavy price in employment and output. The G20 is now on to this, and it is trying to form a cartel to drive out tax competition.

I strongly support my hon. Friend's aim, which is to ensure that before every Budget, there must be a careful examination of whether it will help or damage Britain's position in the pitiless struggle for international competitiveness. It is much better to promote competition than to form cartels and reach agreements with other member states to prevent it. I hope that the House will divide if the new clauses are not accepted.

Mr. Timms: I think we can all agree that tax competitiveness is important, and it is a good thing that the UK consistently performs well in international comparisons of business environment. The hon. Member for South-West Hertfordshire (Mr. Gauke) told us that we were 15th in the World Economic Forum's global competitiveness report in 2003. I am not quite sure why he chose 2003, but I can tell the House that in the latest edition of that report we are 12th. We have improved our position and are 12th out of 134 countries on the WEF's measure of international business competitiveness. The World Bank's study "Doing Business 2009" ranked the UK sixth out of 181 countries for ease of doing business and second in the EU. It is right that we compare the position in the UK with the position elsewhere, and I am pleased to be able to tell the House that those comparisons put the UK in a strong position.

On simplification, the Government have brought forward more than 50 measures since the 2007 pre-Budget report, and again we compare favourably, with the World Bank ranking the UK best in the G7 for ease of paying taxes in its 2009 "Paying Taxes" report.

On consultation, we have consulted formally on more than 50 per cent. of this year's Finance Bill, and informally on substantially more, such as oil taxation. Those affected by that are quite a self-contained community, so a formal consultation is not always necessary. The Government do not, of course, consult on tax rates, owing to the possible market impact and potential forestalling, but we are committed to consultation and our record underlines that.

Recent business tax reform, such as changes to the taxation of foreign profits, to which the hon. Member for South-West Hertfordshire referred—I am grateful to him and his hon. Friends for their support for our

changes—is designed to modernise the corporate tax system to meet the demands of an increasingly globalised economy and to promote more long-term investment. That package will enhance the competitiveness of the UK business environment. I am bound to say that, at 28 per cent., the rate of corporation tax in the UK is at its lowest level ever, and is the lowest in all the G7 economies. The small companies rate, at £300,000, is very competitive internationally, with the highest threshold between the small companies and the larger companies rate.

Our record on competitiveness is strong. The right hon. Member for Wells (Mr. Heathcoat-Amory) was right to say that tax competition is healthy, but I caution him against criticising the work on harmful tax measures. It is not right to characterise that as the establishment of a cartel, as he suggested. Things have been done that encourage tax avoidance, and it is right for companies to work together on that.

New clause 3 would establish an office of tax simplification. I was intrigued by the difference between the approach of the hon. Member for South-West Hertfordshire and that of the Leader of the Opposition yesterday. The hon. Gentleman told us that he would explain why that particular quango is a good thing, even though his party is committed to reducing the number of quangos. I missed that part of his speech, but perhaps we will hear it on another occasion. The new clause is unnecessarily bureaucratic. By contrast, we have conducted a series of tax simplification reviews, and we set out our progress in the Budget.

8.30 pm

Mr. Binley: Of course, it is the Financial Secretary's job to paint everything in the garden as rosy, but does he acknowledge that "Tolley's Yellow Tax Handbook" had 10,134 pages in 2008 and 4,998 pages in 1997, and that the page layout has been changed to get in more words? Is that a rosy situation?

Mr. Timms: The World Bank's assessment shows that we are the best in the G7 for ease of paying taxes—that is the real test of what is happening in our tax system.

New clause 6 provides that the Government should report to Parliament on the competitiveness of the UK tax system. We already provide a wide range of information in impact assessments of Budget measures, progress reports at the Budget and our annual departmental report. I am not clear that a further report would have the benefits suggested.

Amendment 36 would pose a serious risk to the fairness of small business taxation. Seventy-five per cent. of UK businesses are unincorporated, so do not pay corporation tax. In proposing benefits for only "very small companies", the Liberal Democrats would disadvantage the 3.5 million unincorporated businesses relative to the small companies with which they directly compete. The amendment would also increase tax-motivated incorporation, helping few businesses and introducing additional complexity. It would also mean an unfunded tax cut.

As the hon. Member for Taunton (Mr. Browne) said, he moved an identical amendment to new clause 4 in Committee. I was pleased that he did not press it to a vote then, and I hope that Conservative Members will not press it today. We will publish draft legislation and an impact assessment at the time of the pre-Budget report, before the introduction of such a measure in next year's Finance Bill. Treasury officials will be happy to consider any comments on the proposed legislation at that time. The difficulty with European law is clear. I think that we made the right judgment, and there will be an opportunity to reflect on that when the information is published. New clause 4 is unnecessary because the opportunity for which it would provide will be given at the time of the pre-Budget report.

The new clauses and the amendment would introduce additional complexity and bureaucracy. I hope that hon. Members will not press them to a Division.

Mr. Gauke: The Minister's view of the UK's taxation system is frankly complacent. Professional groups and business organisations have expressed genuine concerns, yet the Government appear to be distant from the real world. I would advise both the Minister and the hon. Member for Taunton (Mr. Browne) to read carefully the speech by my right hon. Friend the Leader of the Opposition, who set out a compelling case for bringing in outside organisations to provide technical expertise to Departments, which is exactly what the office of tax simplification would be. I note that the hon. Gentleman said that he was in favour of simplification, although it was not quite clear why he appears not to be in favour of establishing an office of tax simplification, which would be widely welcomed by many professional groups and business organisations. As a consequence, I intend to press new clause 3 to a vote.

Question put, That the clause be read a Second time.

The House divided: Ayes 146, Noes 365.

Division No. 185] **[8.35 pm**

AYES

Afriyie, Adam
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark

Hollobone, Mr. Philip
Horam, Mr. John
Hosie, Stewart
Howarth, Mr. Gerald
Howell, John
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Lait, Mrs. Jacqui
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
MacNeil, Mr. Angus
Main, Anne
Maples, Mr. John
Mason, John
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Price, Adam
Prisk, Mr. Mark
Randall, Mr. John
Redwood, rh Mr. John
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Salmond, rh Mr. Alex
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, David
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Taylor, Dr. Richard
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Wilshire, Mr. David
Winterton, Ann
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
James Duddridge and Mr. Geoffrey Cox

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Breed, Mr. Colin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kestch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, rh Mr. Sadiq
Kidney, Mr. David

Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oiner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Sanders, Mr. Adrian
Sarwar, Mr. Mohammed
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Helen Jones and
Mr. Bob Blizzard

Question accordingly negatived.

Clause 3

PERSONAL ALLOWANCE FOR 2009-10 FOR THOSE AGED UNDER 65

Amendment proposed: 37, page 2, line 10, leave out '£6,475' and insert '£10,000'.—(*Mr. Jeremy Browne.*)

Question put, That the amendment be made.

The House divided: Ayes 61, Noes 310.

Division No. 186] **[8.49 pm**

AYES

Alexander, Danny
Beith, rh Sir Alan
Brooke, Annette
Browne, Mr. Jeremy
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clegg, rh Mr. Nick
Davies, Mr. Dai
Davies, Philip
Donaldson, rh Mr. Jeffrey M.
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Harris, Dr. Evan
Heath, Mr. David
Hemming, John
Hermon, Lady
Hollobone, Mr. Philip
Horwood, Martin
Howarth, David
Hughes, Simon
Huhne, Chris
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Laws, Mr. David
Leech, Mr. John
McCrea, Dr. William
McDonnell, John
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Pelling, Mr. Andrew
Pugh, Dr. John
Rennie, Willie
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Short, rh Clare
Simpson, David
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Wareing, Mr. Robert N.
Webb, Steve
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Colin Breed and
Mr. Alan Reid

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Colley, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hayes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, rh Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, Dr. Alasdair
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reynolds, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Sloate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark

Touhig, rh Mr. Don	Williams, rh Mr. Alan
Trickett, Jon	Williams, Mrs. Betty
Turner, Dr. Desmond	Wilson, Phil
Turner, Mr. Neil	Winnick, Mr. David
Twigg, Derek	Winterton, rh Ms Rosie
Ussher, Kitty	Woodward, rh Mr. Shaun
Vaz, rh Keith	Woolas, Mr. Phil
Vis, Dr. Rudi	Wright, Mr. Anthony
Walley, Joan	Wright, David
Waltho, Lynda	Wright, Mr. Iain
Ward, Claire	Wright, Dr. Tony
Watson, Mr. Tom	Wyatt, Derek
Watts, Mr. Dave	**Tellers for the Noes:**
Whitehead, Dr. Alan	**Helen Jones and**
Wicks, rh Malcolm	**Mr. Bob Blizzard**

Question accordingly negatived.

Clause 11

RATES OF ALCOHOLIC LIQUOR DUTY

9 pm

Mr. Jeremy Browne: I beg to move amendment 38, page 4, line 34, at end insert—

'(3A) After subsection (1A) insert—

"(1AB) The rate under section 36 (1AA)(a) shall be reduced by 2 per cent. for the tax year 2010-11 and by a further 2 per cent. for each subsequent tax year."'.

By the time the Finance Bill reaches this stage, it is like one of those not very good musicals where the main tunes are reprised throughout so everybody gets an opportunity to hear them several times. That is certainly true of the main themes of this Bill, as we have had further opportunities to discuss income tax and other matters that have already been touched upon both in the Committee of the whole House and in the Public Bill Committee.

I make no apologies, however, for returning to a theme that I have already visited: Government taxation of alcohol. As several Members have raised this point, let me say at the outset that the amendment deals specifically with beer duty but that I want it to be regarded as illustrative of a wider concern that has been expressed to me: about the Government's approach to alcohol taxation as a whole. Other Members may, of course, wish to speak about different forms of alcohol, and I do not wish to give the impression that I am concerned solely about beer. For many people beer is probably the most high-profile illustration, however, although I and other Members are also concerned about the taxation of cider, spirits, wine, sparkling wine, whisky and other forms of alcoholic beverage.

Stewart Hosie: I am sure many Members are concerned about all sorts of unfairness in the duty regime, but the bit of the Bill that the hon. Gentleman's amendment seeks to change is only about beer. I am not quite sure how, without stretching the patience of the Chair, we can go beyond beer, and the fact that that stands on its own makes all this slightly odd.

Mr. Browne: Well, let us just talk about beer then, shall we Madam Deputy Speaker?

Madam Deputy Speaker: I think that is an excellent idea, Mr. Browne.

Mr. Browne: Perhaps we should do that at nine o'clock every evening, Madam Deputy Speaker.

I shall focus on beer, therefore. The British Beer and Pub Association estimates that 39 pubs are closing every week in Britain, which means that about half a dozen pubs close every day. I do not pretend that it is the role of Government to ensure that every pub stays open indefinitely. I notice that the Conservative party has come up with some uncosted proposals to try to ensure that nothing ever changes in any rural communities regardless of economic circumstances. That is not my view. I realise that good pubs will thrive and become more profitable—and may even expand, if they get planning permission to do so—and that pubs that cannot attract customers are likely to go out of business. I am not trying to question that basic economic assumption.

There is an underlying problem, however, that goes beyond just changes in lifestyle and drinking practices, although I recognise that more people than in the past now wish to consume beer at home, perhaps while watching a DVD—or the Ashes on television tomorrow—and that they may not be as tempted as they once were to visit a pub. I want to put it on record that there are such changing circumstances, because it is impossible to have a balanced debate if we do not acknowledge that. Even given those considerations, however, we should be concerned that 39 pubs on average are closing every week in Britain, because pubs are more than just businesses: many of them are also the social hub of their community.

Lembit Öpik (Montgomeryshire) (LD): I am grateful to my hon. Friend for raising this issue, which is of great concern to many Members. Does he agree that, especially in rural communities, the pub is often the social focal point and meeting place for people? The Crown in the town of Montgomery, the Four Crosses pub in Four Crosses and the Lion in Llandinam are all—

Madam Deputy Speaker: Order. I think we have got the gist of what the hon. Gentleman is trying to say.

Mr. Browne: I think I understood the point being made by my hon. Friend. It would have helped me a bit if he had been able to give a few more examples from his constituency, but I agreed with his basic point. It is no coincidence that so many soap operas are set in and around pubs, because they are such an obvious setting in everyday life for social interaction and for opportunities to exchange views and information. I am sure that that is very much the case not only in my constituency, but in the constituencies of other hon. Members present.

Julia Goldsworthy (Falmouth and Camborne) (LD): Does my hon. Friend agree that the beer duty increases will have an impact not only on rural communities where the pub is the hub, but on a lot of smaller breweries, which are very important employers? They will be indirectly affected by any such changes and we should seek to protect them too.

Mr. Browne: I strongly agree with that observation; I was going to talk about breweries later in my speech, but perhaps I should discuss them right now.

Mr. Don Foster (Bath) (LD) *rose—*

Mr. Browne: Well, before I do that, I shall give way to my hon. Friend.

Mr. Foster: Before my hon. Friend moves on, he should continue to list the benefits of pubs in our communities, because they are not just the hub. Surely they are also a place where people can drink much more responsibly than they often do when they have bought pocket-money-priced booze in our supermarkets and off licences. Therefore, will he suggest that instead of going ahead with this ridiculous beer tax and the other increases on duty, the Government should be considering minimum pricing so that we can cut down on the supermarkets' cheap booze in order to solve many of our problems?

Mr. Browne: That is a very valid point, which also illustrates people's wider concerns about losing pubs. Although people go to pubs to drink beer, in many cases they also enjoy eating in that environment. It has been notable how many pubs have modified their offering to their customers in order to provide food. Pubs also provide entertainment, for example, quizzes and music; karaoke may be popular with some customers, although less so with others. A range of attractions in pubs help to make them part of their community and popular with their customers.

Dan Rogerson (North Cornwall) (LD): My hon. Friend has consistently pushed the case for defending pubs on the duty issue—last year and this. I hope that he is also aware of the many services that are often provided in pubs. In recent weeks there have been polling stations in pubs, and my constituency contains a post office in a pub at Stratton—there is also a proposal to bring a post office back to St. Issey in this way. These are the sorts of thing that the pub, as often the last institution in the village, can preserve.

Mr. Browne: That is also a very good point. The Prince of Wales has campaigned on the notion that "The Pub is the Hub". As services get consolidated in rural communities, there will increasingly be a desire for pubs to diversify into not only other aspects of their business, such as food and accommodation, but areas of business that have not previously been associated with pubs—for example, providing stamps and basic groceries such as bread and eggs. Where it is possible to consolidate a post office in a pub and that is thought to be desirable for the community involved, there is no reason why that cannot be sensitively handled in a way beneficial to the people who live in the area, just as a pub and a village shop can be consolidated on one site.

I was discussing how many pubs are closing each week, but perhaps that point is even better illustrated by looking at what has happened over a slightly longer time scale. Since the 2008 Budget—that is not too long ago—2,200 pubs have closed across Britain.

According to industry sources, the cost in jobs has been 20,000. Over the same period, beer sales have fallen. It is a common myth that more people are drinking more beer than ever before. There are some people who consume alcohol—in beer or in other forms—to excess, especially on Friday or Saturday evenings. I take the point made by my hon. Friend the Member for Bath (Mr. Foster) that often it is better and safer for them to do that in a well run and responsibly managed pub than to buy off-licence alcohol and drink it in a park or somewhere similar. If the Government's motivation for levering up taxes is an attempt to choke off demand for beer, I am afraid that that is happening already, to the detriment of both publicans and brewers.

Mr. Bone: The hon. Gentleman is, as usual, making a powerful speech. I just wanted to make the point that this is not only happening in rural areas. In my constituency, many small family pubs have closed. The result is that more teenagers are drinking in parks, leading to antisocial behaviour.

Mr. Browne: The hon. Gentleman makes a fair point. My constituency contains a large town—Taunton—and a second town, Wellington. Three quarters of my constituents live in those two towns, so large parts of my constituency have urban characteristics, and I see the phenomenon that he has described. In the more rural areas, I see how important pubs are—in some cases, they are the only retail outlet in a village, once the post office and shop have gone. So, if people want to put up notices about a local playgroup or information about the village fete, they have to put them up in the pub, because there is no other suitable place.

Lembit Öpik: Does my hon. Friend agree that in many small communities where shops and post offices have closed, the public house actually provides social cohesion, without which the villages would become dormitory villages for larger towns? In those circumstances, the school is also likely to close and the sense of community, which made the village such an attractive place, will be dissipated.

Mr. Browne: That is true, and it is noticeable in rural communities that very few villages have more than one pub, if they have one at all. Those pubs are valued by those who have lived in the village for a long time, but they are also often the main attraction for people looking to move into a rural community, perhaps because they have reached retirement age. They look at a village, say in Somerset, to see whether it would be an attractive place to spend their retirement, and one of the main attractions is a village pub with a nice atmosphere and some good local beers. It is important that both newcomers and long-standing residents support the pub, as it needs sufficient customers to be a viable business for the person who owns and runs it.

David Taylor: If the hon. Gentleman is building the hypothesis that pubs are a good thing but 2,000 a year are closing because of beer duty, it is not a very sound one. He has already mentioned social change and the availability of cheap beer in supermarkets, which are much more important factors. A third—and most important—factor is the attitude of the pubcos, which seem to be less concerned about the pubs that were once part of the chains that they owned and more concerned about maintaining their volume through their various other outlets, including supermarkets. Surely we can encourage them to take a more imaginative approach.

9.15 pm

Mr. Browne: I agree with that point. Actually, I agree with all three of the points that the hon. Gentleman made and I would probably add a fourth, which is the smoking ban. I accept that in some pubs that might have attracted more customers, particularly those pubs that have a reputation for serving food. Customers, in many cases, like to eat food without people smoking in the same building. There are other pubs where many of the customers might have felt that their enjoyment of the pub was closely linked to their ability to smoke in that environment, too. That is opening up another debate that I do not wish to open now, but I acknowledged at the outset—perhaps I should have acknowledged it in slightly greater detail—that a number of social and, in some cases, legislative factors have impacted on the ability of pubs to attract customers and to be profitable. I accept that that is the case, but my point is that that difficult economic situation is compounded by above-inflation increases in beer duty.

Let me explain that point, because it is very important that people understand. I am not simply making a sentimental case for pubs, although I do have a sentimental attachment to them. There are some hard figures that should give the Government cause for reflection. In January—four or five months from now—VAT will increase again by 2.5 per cent. when the Government's temporary VAT reduction expires. In April 2010 and April 2011—this has already been factored in—beer duty will increase by 2 per cent. above inflation. That is the so-called duty escalator that was announced last year, so that beer is priced out of the range of people who are seeing, if they are lucky, inflation increases in their salaries. Some people are not even seeing that. A pint of beer is becoming more expensive for people as a proportion of their income and in real terms, too. That is a deliberate instrument of Government policy. That leaves aside whether, for example, the core ingredients are becoming more expensive.

In other words, fundamental costs are being borne by brewers and passed on. They will eventually go through the pubs to the customer, and so the customer will have to meet that extra cost. For example, they will have to meet brewery or transportation costs, with fuel duty and other considerations of that type. Beyond all those factors there is a built-in increase of 2 per cent. above inflation each year on duty on beer.

Julia Goldsworthy: My hon. Friend is being generous in giving way. Although the hon. Member for North-West Leicestershire (David Taylor) identified a number of other issues that impact on pubs, the reality is that for many pubs, such as the Trengilly Wartha—I spoke to the landlord there just a few weeks ago—the margins are so small that these changes, which appear to be small on the surface, have a big knock-on effect on their economic viability.

Mr. Browne: I completely accept that point. That is why I hope that hon. Members from all parties will support amendment 38 tonight. It is very important for all our constituencies.

Simon Hughes (North Southwark and Bermondsey) (LD): My hon. Friend has waxed lyrical about rural pubs, and I join him in that, but some of us have very urban constituencies. I just want to put it on the record that the same issue applies. The pubs that people would like to go to are the family pubs and the pubs that sell the traditional beers—in my constituency, the Fuller's pubs, the Young's pubs and the Shepherd Neame pubs. They do not want to go to the supermarket unless they have to. The pubs that the tourists would want to go to are certainly not better replaced by the supermarket. Tourists want to go to a traditional pub and they want an incentive to do so. The argument applies, and as the son and grandson of a brewer I have to say that I think that the Government are strangling the industry in a way that will be detrimental to urban communities as well as rural and suburban ones.

Mr. Browne: I completely accept my hon. Friend's point. Let me illustrate my acceptance of his point with an example from my constituency. One of the games widely played in pubs in Somerset, as my hon. Friend the Member for Somerton and Frome (Mr. Heath) will be aware, is skittles. I am a keen player of skittles and people associate skittles with rural pubs. There are skittles leagues and teams attached to village pubs across Somerset and other parts of the west country.

I recently had the pleasure to visit, as a customer, the Oxford Inn in Halcon in east Taunton, one of Somerset's most urban and socio-economically poorest parts. It has a skittles alley and offers all sorts of entertainment and social events, and it also puts on food buffets built around people's enjoyment of skittles and other activities. The points that I am making are not exclusively true of rural areas: they are very much true of rural areas, but they apply to urban and suburban areas as well.

I promised my hon. Friend the Member for Falmouth and Camborne (Julia Goldsworthy) that I would talk about the breweries in my constituency. I do not want to let her down by neglecting to take up her invitation.

There are four beer brewers in my constituency, and a BrewFest is taking place in Wiveliscombe in my constituency later this month. That will be an opportunity for people from all over that part of Somerset, and even perhaps from Devon, to visit Wiveliscombe and enjoy the beers brewed there by Cotleigh Brewery Ltd and by Exmoor Ales. Both produce large numbers of popular beers for pubs and off-licence sale, in my constituency and further afield.

The other two brewers in my constituency are much smaller. Confusingly, Quantock Brewery is based not in the Quantocks but in a place called Chelston just outside Wellington, while Taunton Brewing Company is not in Taunton but in West Bagborough—

Madam Deputy Speaker: Order. Some of the breweries may not be where they should be, according to the hon. Gentleman, but I hope that he will concentrate his remarks a little more on the amendment.

Mr. Browne: Sadly, Madam Deputy Speaker, that is the sum total of breweries in my constituency, but I am doing my best to make setting up new ones an attractive proposition for people.

My point is that all those breweries are directly affected by reductions in beer sales. That may sound like a statement of the obvious, but we tend to concentrate on the business at the end of the supply chain—that is, the pub landlord selling a pint of beer to the customer.

[Mr. Jeremy Browne]

However, the breweries are also employers in my area. They are more than just employers, too, as they are also part of the heritage and fabric of the area.

People in Taunton Deane or Somerset as a whole enjoy having their local breweries, believing that they add to the character of the community and that there is something distinctive about them that helps to define our area. Indeed, people visiting on holiday from London, Birmingham or elsewhere in the country feel that having an opportunity to drink in a pub in my constituency a pint of beer that has been brewed in Wiveliscombe or somewhere else in Somerset is part of their enjoyment as a visitor to the county. It would be extremely sad if that were to be affected.

As I said, I accept that people can choose soft drinks, wine or something else instead of beer. I am not trying to compel people to drink beers brewed in breweries in my constituency, although I sometimes think that they would benefit from the experience. It may be that their life would be poorer if they missed that opportunity, but I am not compelling anyone to drink them. What I do not want, however, is businesses to be placed in jeopardy as a direct consequence of the Government's imposition of above-inflation duty increases on beer.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Before the hon. Gentleman concludes, will he explain what amendment 38 means? It seems to set up some sort of reverse escalator, but will he go through the mechanics of how the amendment might work?

Mr. Browne: I will, but I am trying to put in place a simple measure to do precisely what the hon. Gentleman says. If the Government felt that the amendment was technically deficient, I would be happy if they sought to make changes to it. As has happened in previous years when emergency measures have been introduced in the PBR, more emergency measures could be brought in this autumn, if the Government felt that they were needed.

The simple fact is that the Government are increasing beer duty by 2 per cent. above inflation every year—the so-called duty escalator, as I have said. The amendment would not change the duty for this year, as that has been passed and set in stone already, but it would reduce the duty by 2 per cent. next year and in subsequent years. What I am effectively trying to do, and I hope the mechanism achieves that objective, is to cancel out the effects of the so-called escalator which, for the reasons that I have given, I regard as damaging.

Stewart Hosie: On a technical point, the first part is correct—

"shall be reduced by 2 per cent. for the tax year 2010-11",

but the amendment then reads

"and by a further 2 per cent."

If it said, "by 2 per cent. for subsequent years", I would understand that, but

"by a further 2 per cent."

indicates to me, if I have read it correctly, a reduction in the level of duty, rather than a stabilisation of it and the reversal of the escalator only.

Mr. Browne: That would be an extremely popular measure, but it is not my intention. *[Interruption.]* The hon. Member for Hammersmith and Fulham (Mr. Hands) says that is what the amendment says. I suppose it depends how one interprets the word "further". The effect that I sought to achieve was to say that the Government should feel free to put up duty in line with inflation. Most people would accept that that is a reasonable way to proceed, but the escalator that is over and above inflation is damaging pubs and breweries, for the reasons that I have given.

David Taylor *rose—*

Mr. Browne: I was about to conclude to give others an opportunity, but I give way to the hon. Gentleman.

David Taylor: I am pleased that the hon. Gentleman had not yet concluded. It was all too easy in the past to be critical of Liberals, who were rather relaxed about fiscal policy and did not put figures to the changes that they were suggesting. What would be the reduction in Government revenue resulting from amendment 38, and how would the hon. Gentleman replace that revenue?

Mr. Browne: I am entirely sure that I accept the premise of the hon. Gentleman's intervention. Perhaps I did not explain clearly enough at the beginning. Beer sales dropped by 8.2 per cent. in the first quarter of 2009, and since the Budget last year 2,200 pubs have closed. The opportunities for people to buy beer are diminishing rapidly as pubs close, and the total beer sales in all outlets are falling, so the amount of revenue that the Government are collecting is off a diminishing base. I fear that any assumptions that the Government make about increasing revenue from above-inflation beer duty increases may not be borne out by their experience when they come to add up the money that they hope will come into their coffers. That is quite apart from the wider social benefits that I touched on earlier in my speech. They are difficult to quantify, but everyone would acknowledge that in both urban and rural areas, there are those wider benefits. I caution the hon. Gentleman about knowing the price of everything and the value of nothing, as people used to say. That would be an unfortunate position for the Labour party to adopt, and the costs in this case are unlikely to be a consideration that need unduly concern Ministers.

On Friday 17 July I will be pulling a pint at the Maypole Inn in Thurloxton—

Madam Deputy Speaker: Order. The hon. Gentleman will relate that, I am sure, to the amendment that we are discussing.

Mr. Browne: Indeed, Madam Deputy Speaker. I will be celebrating Proud of Pubs week. I thought that would be a suitable way to demonstrate the pride that I have in pubs in my constituency, and I hope that all Members present who are proud of pubs and of breweries and who see the benefit of those institutions flourishing in their community will support amendment 38.

Mr. Hands: It is always a pleasure to follow the hon. Member for Taunton (Mr. Browne). I, too, will be celebrating Proud of Pubs week on the same evening, but almost certainly in a different establishment. I enjoyed

sparring with the hon. Gentleman in Committee on this and many other duties. I agreed with a great deal of what he had to say; I just thought it a pity that he did not properly explain the amendment before us, because it has a number of problems that need probing.

9.30 pm

Nevertheless, we seem to be making a habit of debating alcohol duty only very late at night or at the end of the day. [HON. MEMBERS: "Last orders!"] Last orders indeed, although not quite, under the old world. During Committee of the whole House on 12 May, I spoke on alcohol duties for an hour and a quarter either side of midnight—well after what I used to think of as closing time. I shall not repeat my arguments and certainly will not go on for as long, but we had an entertaining debate about the serious subject of alcohol duties, and various Members joined the debate late, including the hon. Member for Morley and Rothwell (Colin Challen), who intervened on a Liberal Democrat Member at two minutes past 1 in the morning to say that

"the increase in duty on beer imposed in the Budget is 1p. In my local, which I attend regularly—I do not know whether the hon. Gentleman attends his—the price of a pint has gone up by 10p."

He went on to ask at six minutes past 1 in the morning:

"How does the price of whisky, with which I must admit I have a certain affinity, compare with the RPI?"—[*Official Report*, 12 May 2009; Vol. 492, c. 822-823.]

We had various other contributions from a collection of Members from all-party groups, some of whom appeared to have come straight out of intense discussions on the various duties involved. I do not know whether we can expect such interventions this evening, but alcohol duties are a serious matter, affecting not only a huge number of consumers but a large number of employers and employees. There are also issues about problem drinking and alcohol-induced crime.

The hon. Member for Taunton pointed out that the sector is under pressure, and on that point I very much agree. Part of that tale of woe is due to the big increases in beer duty, so let us examine what the Government have done since they introduced their duty escalator at the previous Budget. They put duty up across the board by 6 per cent.; then it went up again by a further 8 per cent. when VAT fell in the pre-Budget report; and we now have a 2 per cent. across-the-board increase in this year's Budget.

Lembit Öpik: The hon. Gentleman may be coming to this point, but does he agree that, given the level of pub closures and the change in drinking habits, it seems extremely improbable that the Government made any holistic analysis of the net effect on the economy? Leaving aside our discussions on pubs, as a result of the changes there has probably been a net reduction in revenue to the Government, rather than an increase.

Mr. Hands: The hon. Gentleman makes a very strong point. In fact, the amount of revenue has undershot Red Book projections for each of the past two years, so that point would seem to bear out evidence that the sector is under severe pressure.

Kelvin Hopkins (Luton, North) (Lab): I strongly support the Government's policy on alcohol prices, so will the hon. Gentleman not accept that over several decades the real price of alcoholic beverages has fallen substantially; that that is a major contributor to the current rather excessive alcohol consumption by young people, in particular; and that there are health as well as revenue concerns?

Mr. Hands: The hon. Gentleman makes a reasonable point, although it ignores the fact that beer consumption has fallen steadily for the past 30 years, and that alcohol consumption overall has fallen for the past four. Although he refers to a long trend, it may have reversed over the past three or four years.

I shall now discuss the amendment itself.

Mr. Don Foster: Just before the hon. Gentleman moves on, I note that he said that the hon. Member for Luton, North (Kelvin Hopkins) made a reasonable point. Surely, however, the key differential that influences the appalling behaviour on the streets of many of our towns and cities is that between the cost of beer in our pubs and the ridiculously cheap price of beer in our supermarkets. The same is true of other drinks. That is the differential we ought to address.

Mr. Hands: The hon. Gentleman makes a good point, although we must recognise that there are difficulties concerning the duty regime on beer and other alcohol served in pubs, vis-à-vis supermarkets. Nevertheless, he makes a strong point, which we would like to look at.

We have not spoken about amendment 38 in any detail. As the hon. Member for Taunton knows, I pay close attention to the text of his amendments, and I have to say that his amendment would insert its new Subsection (3A) in the wrong place. It would insert his reverse beer escalator in line 34, between two subsections on low and medium-strength cider. It should actually be inserted in line 30. Furthermore, the Lib Dem amendment, taken in totality with the Bill's existing provision on beer duty, would see beer duty first rise this year by 10.5 per cent. and then fall each year by 2 per cent. because of that insertion into line 34. That seems an odd policy—less an escalator and more an escarpment, with a steep increase this year followed by a shallower descent for all years thereafter.

Mr. Jeremy Browne: Will the hon. Gentleman give way?

Mr. Hands: I will not because we are short of time. According to the amendment, the new beer escalator—in effect a reverse of Labour's current RPI plus 2 per cent. escalator—would go on for ever. Nor is it clear whether the annual 2 per cent. reduction in duty would mean 2 per cent. off today's figure of £16.47 in the original clause or 2 per cent. off the figure as amended. In other words, are the 2 per cent. reductions linear or cumulative? In the second year, would the figure be 98 per cent. of the original figure, or 98 per cent. of the 98 per cent. that was affected the previous year?

If the reductions are linear, the Lib Dem amendment implies that beer duty would be eliminated entirely in 50 years' time; it might even imply that beer duty would go negative from the year 2060. That raises the tantalising prospect of the Liberal Democrats paying people to drink beer. That gives a new twist to their populist policies; they are like a desperate candidate in a student

[Mr. Hands]

union election in their efforts to court the popular and youth votes. It appears, at least from amendment 38, that they are already reaching out to my grandchildren with an offer of booze not only free of tax, but subsidised by the state from 2060. Here we have it: the Liberal Democrats seemingly proposing that the state should pay people to drink beer. That cannot make any sense, and that is why we cannot support amendment 38.

Kelvin Hopkins: I want to make two brief and simple points. The chief medical officer has suggested that alcohol should be taxed according to the alcoholic content of beverages. That would have the enormously beneficial effect of raising prices in supermarkets and having little effect on pub prices. That would help the pub trade and reduce irresponsible drinking.

My other point is that we have a vast ocean of untaxed, cheap alcohol coming in from Europe, and the Government get almost no revenue from it. If we reduced the amount of alcohol coming in and taxed it properly, Government revenues would increase and there would be less irresponsible drinking. Those two points should be taken on board by the Government and everybody in the Chamber. I hope that, in time, we move in that direction.

Mr. Bone: I shall not detain the House for long, although I should say that it is a pleasure to speak at slightly earlier than 10 minutes to midnight, as I did in Committee.

I entirely agree with my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands), who exposed the technical faults in the amendment tabled by the hon. Member for Taunton (Mr. Browne). However, the hon. Gentleman's heart is entirely in the right place. It is wrong for there to be a duty escalator on alcohol, going up and up. The Government should decide at each Budget what the duty should be, depending on the economic circumstances. I have seen pubs close in Wellingborough, Rushden and Irchester, and this is not the time for a duty escalator. Although I cannot support the hon. Gentleman's amendment, I certainly think his heart is in the right place.

The Exchequer Secretary to the Treasury (Sarah McCarthy-Fry): I, too, have read the *Hansard* report of the debate in Committee of the whole House when alcohol duties were debated. It went down many highways and byways, and I hoped that we would not have a repetition of that this evening, because I would have had to bone up on all the pubs that I have visited in my constituency. I can tell hon. Members that in the 1960s there were more than 300 pubs on Portsea island alone, because a friend of mine wrote a book about them. However, I am sure, Mr. Speaker, that you would not want me to go down that road.

Alcohol duties play an important role in contributing to the public finances. The amendment would significantly reduce the revenue that the Government receive, thus weakening the public finances, notwithstanding the arguments made by the hon. Member for Taunton (Mr. Browne). The amendment deals only with beer duty, not that on other alcohol products. On the rate of duty, my predecessor, my hon. Friend the Member for Wallasey (Angela Eagle), noted in Committee of the whole House

"that, for fairness, it was right to have 2 per cent. across the board this time round".—[*Official Report*, 12 May 2009, Vol. 492, c. 815.]

Furthermore, it would not be possible for us to accept the amendment as the European Court of Justice has ruled that duty on beer should be maintained within a set ratio with duty on wine. Such a continued reduction in beer duty would breach that ratio in the absence of similar provisions for wine. There are several constraints in EU law as regards alcohol. Beer must be taxed at an equivalent rate to wine and in direct proportion to degrees of alcohol strength. We are allowed to have reduced rates for small breweries, and we do so. It is also possible to set a reduced rate on beer with a strength of below 2.8 per cent. alcohol by volume. The pub industry proposed a zero rate for low-strength beers, its rationale being that it is easier to manufacture ale and stout. However, when we looked at the possible consequences, there was no evidence to suggest that people would opt to drop down to those reduced strengths.

Mr. Hands: Can the Minister explain how the Government's escalator currently works? Is it still based on RPI plus 2 per cent.? If so, at a time when RPI is negative, why was the increase in beer duty nevertheless 2 per cent.?

Sarah McCarthy-Fry: Because we work on a zero base. It is an increase of 2 per cent. on zero, and it would not go back below that figure even though inflation is negative, so it is staying at 2 per cent.

As with all tax policy decisions, the Government will monitor the impact of alcohol duty, including the impact on the pub industry. However, I am sure that hon. Members will acknowledge—indeed, they have done so—that the competitiveness and employment levels in any industry depend on a large range of factors. The pub sector has been adversely affected by the economic downturn, as well as by changing tastes and lifestyles over a longer time period—nowadays there are many more ways to spend leisure time. Increased input costs for suppliers and the smoking ban have also had an effect.

Changes in duty are unlikely to be the answer to tackling those problems. Indeed, the proportion of tax—duty and VAT—in the price of a pint of beer in a pub has remained broadly constant in real terms since 1994. In the Treasury Committee on 28 April, a member of the experts panel, Mr. Weale from the National Institute of Economic and Social Research, said:

"with beer...All the evidence is that"

it is

"not terribly price sensitive."

However, the Government recognise and value the contribution that pubs make to employment and local communities. Although under EU tax legislation it is not possible to provide tax reliefs targeted specifically at pubs, such as taxing beer sold in supermarkets differently from that sold in pubs, the Government have introduced a range of measures to support all businesses, including the British pub. Those include: enabling pubs to spread payment of this year's inflation uprating to business rates over three years; HMRC's business payment support service, which has benefited many pubs already; improved

access to finance for small businesses through the enterprise finance guarantee; and support through low-cost loans and advice on energy efficiency for small businesses, including many pubs, to make savings on their energy bills.

An approach suggested by the industry has been a reduced rate for cask beer, which, again, is not currently possible under EU legislation. As many hon. Members will be aware, however, there is a planned review by the European Commission of EU alcohol rates and structures, which will provide an opportunity for the beer and pub industry to put proposals to the Commission on a reduced rate for cask beer.

Kelvin Hopkins: I thank my hon. Friend for giving way. I am somewhat concerned about this emphasis on the EU, because if the EU determined our tax and duty levels they would be substantially reduced, which would be damaging to both revenues and health.

Sarah McCarthy-Fry: I have already explained some of the constraints in EU alcohol law, but I picked out the ones on beer because that is referred to in the amendment. There are many others, such as the fact that wine must be taxed at the same rate—above 8.5 per cent. and not exceeding 15 per cent.—as must still cider. Those are among the directives that are under review for 2010. When the new Commission is in place, a work programme will be published.

Various strands to that work are currently under discussion, encompassing possible assistance for small and medium-sized enterprises, the classification of alcoholic products with specific attention to mixtures of distilled and fermented alcohols, and possible standardisation of denaturants. The UK has been working closely with the Commission to work towards a more modern structure that supports UK trade. Progress so far has been good, and initial findings have been in line with what the UK has been pressing for.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): A moment ago, my hon. Friend the Member for Luton, North (Kelvin Hopkins) mentioned the unit price of alcohol suggested by the chief medical officer for health reasons. Is it likely that the review will enable us to take a serious look at that as a potential policy on alcohol duty?

Sarah McCarthy-Fry: I am sure that it is possible, but I do not know whether that precise matter is in the terms of reference of the review. As I said, the work programme will not be published until the new Commission is in place. I am sure that Members will appreciate that changes to the European excise rules governing alcohol duties require unanimous agreement from all 27 member states, so it could be a long process.

Given the points that I have made, not least about the legal constraints in the current EU directives and the fiscal consequences of the amendment, I ask the hon. Member for Taunton to withdraw it.

Mr. Jeremy Browne: I question the Minister's statement that beer is not a price-sensitive commodity.

Sarah McCarthy-Fry: May I just clarify that that was not my statement? It was a quotation from one of the expert witnesses to the Treasury Committee.

Mr. Browne: Let me start again. I question the so-called expert's statement that beer is not price-sensitive, or the Minister's acceptance of that statement, because if it were as self-evidently true as she claims, I would not hear Ministers and others express such concern about happy hours and other forms of alcohol promotion.

I say to the Conservatives that the objective of the amendment is to cancel out and neutralise the escalator that the Government have introduced. I shall leave aside the strange assertion by the hon. Member for Hammersmith and Fulham (Mr. Hands) that if one takes 2 per cent. off a figure every year, it gets down to zero. I cannot see how it would ever get to zero, but we will leave that bit of innumeracy to one side. I regret that although the Conservatives talk a good game on this matter, I have to ask where their amendment is. Why is it always left to the Liberal Democrats to defend pubs and breweries? Why are the so-called official Opposition so negligent in that regard?

Both because it is the responsibility of my party, and sadly often that of my party alone, to champion this important community interest, and because the arguments made by the Conservative spokesman and the Exchequer Secretary fell short of what I had hoped for, I should like to press the amendment to a Division.

Question put, That the amendment be made.

The House divided: Ayes 62, Noes 311.

Division No. 187] **[9.49 pm**

AYES

Alexander, Danny
Baker, Norman
Beith, rh Sir Alan
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clegg, rh Mr. Nick
Davies, Mr. Dai
Farron, Tim
Featherstone, Lynne
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Harris, Dr. Evan
Heath, Mr. David
Hemming, John
Hollobone, Mr. Philip
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
Mason, John
McDonnell, John
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Pelling, Mr. Andrew
Price, Adam
Pugh, Dr. John
Rennie, Willie
Robertson, Angus
Rogerson, Dan
Rowen, Paul
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Teather, Sarah
Thurso, John
Wareing, Mr. Robert N.
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Alan Reid and
Mr. Don Foster

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas

Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, [illegible]
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond

Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Watho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Helen Jones and
Mr. Bob Blizzard

Question accordingly negatived.

Ordered, That further consideration be now adjourned. *—(David Wright.)*

Bill to be further considered tomorrow.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

Identity Cards

That the draft Identity Cards Act 2006 (Application and Issue of ID Card and Notification of Changes) Regulations 2009, which were laid before this House on 9 June, be approved.*—(David Wright.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 8 July (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)).

Identity Cards

That the draft Identity Cards Act 2006 (Prescribed Information) Regulations 2009, which were laid before this House on 9 June, be approved.*—(David Wright.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 8 July (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)).

Banks and Banking

That the draft Banking Act 2009 (Restriction of Partial Property Transfers) (Amendment) Order 2009, which was laid before this House on 10 June, be approved.*—(David Wright.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)).

Preliminary Draft Budget 2010

That this House takes note of the unnumbered Explanatory Memorandum dated 1 June 2009 from HM Treasury on the Preliminary Draft Budget of the European Communities for the year 2010; and supports the Government's efforts to maintain budget discipline in relation to the budget of the European Communities.*—(David Wright.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 8 July (Standing Order No. 41A).

Government Policy (Torture Overseas)

Motion made, and Question proposed, That this House do now adjourn.*—(David Wright.)*

Mr. Speaker: Before I call the right hon. Member for Haltemprice and Howden (David Davis) to speak, I want to advise him that he should not refer to cases in relation to which legal proceedings are active.

10.4 pm

David Davis (Haltemprice and Howden) (Con): Four years ago today, this country suffered a terrible atrocity at the hands of terrorists: 52 people were killed and many more horribly injured. I stood at the Dispatch Box that day and spoke of the need to face down this barbarism. In the subsequent weeks and months, I was proud of the calm and just way that the ordinary British citizen dealt with this assault and of the comparative absence of people trying to make scapegoats of the ordinary, decent Muslim community. I was proud of the courage, sense of honour, tolerance and justice of our citizens at home.

I am afraid that I cannot be so complimentary about the actions of our Government abroad. In the last year, there have been at least 15 cases of British citizens or British residents claiming to be tortured by foreign intelligence agencies with the knowledge, complicity and, in some cases, presence of British intelligence officers. One case—that of Binyam Mohammed—has been referred to the police by the Attorney-General, which implies that there is at least a prima facie case to answer. The most salient others include Moazzamm Begg, Tariq Mahmoud, Salahuddin Amin and Rashid Rauf, all in Pakistan; Jamil Rahman in Bangladesh; Alam Ghafoor in United Arab Emirates; and Azhar Khan and others in Egypt.

For each case, the Government have denied complicity, but at the same time fiercely defended the secrecy of their actions, making it impossible to put the full facts in the public domain, despite the clear public interest in doing so. Although the combined circumstantial evidence of complicity in all these cases is overwhelming, it has not so far been possible—because of the Government's improper use of state secrecy to cover up the evidence—to establish absolutely clear sequences of cause and effect.

In the case I am about to describe, we can follow the entire chain of events from original suspicion, through active encouragement of the Pakistani authorities to arrest and through the subsequent collaboration between UK and Pakistani agencies. This is the case of Rangzieb Ahmed, a convicted terrorist, whose treatment I can describe in some detail.

As the House will realise, the account I am about to relay comes from several sources. I cannot properly give my sources, given the vindictive attitude of this Government, particularly the Foreign Office, to whistleblowers. Indeed, in this case of Rangzieb Ahmed, the authorities were so paranoid that they threatened to arrest a journalist for reporting facts stated in open court. Nevertheless, although I am prevented from naming my sources, I can say that I am confident of these facts beyond reasonable doubt. I will not, of course, disclose any names, or anything that discloses intelligence agency techniques—other than torture—or other issues that threaten national security.

[David Davis]

I should say that the individual whose case I am going to describe is not someone for whom I have any natural sympathy. He is a convicted—indeed, self-confessed—terrorist. So what I am talking about today is just as much about defending our own civilised standards as it is about deploring what was done to this man in the name of defending our country.

In 2005-06, Rangzieb Ahmed was a suspected terrorist who was kept under surveillance for about a year before leaving the country to go first to Dubai and on a subsequent trip to Pakistan. During that time, evidence was collected against him, on the basis of which he was later convicted. Let me repeat that point, as it is very important to my subsequent argument—during that time, evidence was collected, on the basis of which he was subsequently convicted.

Despite the authorities having that evidence, he was—astonishingly—not arrested but instead allowed to leave the country. To understand how odd this decision was, we should remember that this was only a year after the tragedy of 7/7, after which agencies were criticised for allowing terrorist suspects to leave the country to go to Pakistan. Since they knew he was leaving, since they knew where he was going, and since they had more than enough evidence to arrest him, allowing him to leave was clearly deliberate. That the authorities knew his itinerary is demonstrated by the fact that he was kept under surveillance when he was in Dubai. He later went on to Pakistan, where the Pakistani authorities were warned of his arrival by the British Government. The British intelligence agencies wrote to their opposite numbers in Pakistan—the members of the directorate for Inter-Services Intelligence—suggesting that they arrest him. I use the word "suggest" rather than "request" or "recommend" because of the peculiar language of the ISI's communication No doubt the Minister can confirm that for himself by asking to see the record.

We also know that the intelligence officer who wrote to the Pakistanis did so in full knowledge of the normal methods used by the ISI against terrorist suspects that it holds. That is unsurprising, as it is common public knowledge in Pakistan. The officer would therefore be aware that "suggesting" arrest was equivalent to "suggesting" torture.

Rangzieb Ahmed was arrested by the ISI on 20 August 2006. Once he was taken into custody in Pakistan by the ISI, the Manchester police and MI5 together created a list of questions to be put to him. MI5 arranged for those questions to be given to the ISI.

Rangzieb Ahmed was viciously tortured by the ISI. He says, among other things, that he was beaten with wooden staves the size of cricket stumps and whipped with a 3 ft length of tyre rubber nailed to a wooden handle, and that three fingernails were removed from his left hand. There is a dispute between Ahmed and British intelligence officers about exactly when his fingernails were removed, but an independent pathologist employed by the Crown Prosecution Service confirmed that it happened during the period when he was in Pakistani custody.

Rangzieb was asked questions, under torture, about the UK by ISI officers. He claims that he saw "UK/Pakistan Secret" on the question list used by the ISI. That was presumably the list put together by the Manchester police and MI5. After about 13 days, he was visited by an officer from MI5 and another from MI6. He claims to have told them, during questioning, that he had been tortured. They deny that, but it is significant that they did not return for further interviews. By that stage, MI5 policy was not to return after any interview in which the subject claimed that he had been tortured. The British agents did not return, but Rangzieb was subsequently questioned by Americans.

Is it also an extraordinary, if sinister, coincidence that the Manchester police accessed Rangzieb Ahmed's medical records within days of the MI5/MI6 interview? Why would they do that if he was in perfect health?

Rangzieb Ahmed was kept in detention by the Pakistani authorities for a total of 13 months—first at the ISI centre, then at Rawalpindi and then at Adiyala jail—before being deported to the United Kingdom in September 2007. He was tried and convicted of terrorist offences in late 2008—according to the prosecution, entirely on the basis of evidence obtained while he was under surveillance in the UK and Dubai in 2005-06. I cannot imagine a more obvious case of the outsourcing of torture, a more obvious case of "passive rendition".

Let me recap. Rangzieb Ahmed should have been arrested by the UK in 2006, but he was not. The authorities knew that he intended to travel to Pakistan, so they should have prevented that; instead, they suggested that the ISI arrest him. They knew that he would be tortured, and they arranged to construct a list of questions and supply it to the ISI.

The authorities know full well that this story is an evidential showcase for the policy of complicity in torture, should that evidence ever come out. One way in which the in-camera veil of secrecy might be lifted would be a civil case by Mr. Ahmed against the Government for their complicity in torture. Part of that process would involve challenging the in-camera rulings and revealing the details of agency involvement. Just such a case was being considered by Mr. Ahmed, and on 20 April this year he was visited in prison by his solicitor and a specialist legal adviser to discuss it.

Mr. Ahmed tells us that a week later he was visited by an officer from MI5 and a policeman. That is the story told today on the front pages of the *Daily Mail* and *The Guardian*. During the course of their visit they said that they would like him to help in the fight against terror with information about extremism. This is perfectly proper.

However, the sinister part of this visit was an alleged request to drop his allegations of torture: if he did that, they could get his sentence cut and possibly give him some money. If this request to drop the torture case is true, it is frankly monstrous. It would at the very least be a criminal misuse of the powers and funds under the Government's Contest strategy, and at worst a conspiracy to pervert the course of justice.

I would normally be disinclined to believe the word of a convicted terrorist. However, when he initially told his lawyer about it, he did not want to pursue the matter. Also, in common with many other criminals, after the scandal of the taping of the current Minister of State, Department for Transport, the right hon. Member for Tooting (Mr. Khan), on a prison visit, he believes all these meetings are taped and he says this will back him up.

Given that belief, he is unlikely to have made an allegation that would be so easily proven wrong. I do not believe the conversation was taped, but it would have been videoed and this could be used to check his story. For reasons of policy and natural justice, it is imperative that the Crown Prosecution service investigates this allegation immediately, but that is not my principal concern today.

My questions to the Minister are as follows. First, will he undertake to look at the in-camera court records and the records of the police and intelligence agencies so that he can confirm for his own satisfaction that my account of the handling of Rangzieb Ahmed pre-trial is correct? That process should take only a few days. Secondly, will he publish the current guidelines governing the agencies handling the suspected torture so that we can see whether the UK authorities broke those guidelines or whether it was the policy that was at fault? The Prime Minister has undertaken to publish the new guidelines, so if the Minister cannot publish the current ones, can he explain why his approach is different to the Prime Minister's?

Thirdly, I believe, but cannot be certain to an evidential level, that the judge in the court case intimated that disciplinary action should be considered within the intelligence agencies. Was this done? If not, why not?

Finally, can the Minister now announce a proper judicial inquiry into the allegations of UK complicity in torture, since it is now clear that there is not just circumstantial evidence but hard evidence in government records for Ministers to read, if they had but eyes to see?

Let me conclude by saying that our handling of the subject of torture has, in my view, been completely wrong. The Americans have made a clean breast of their complicity, while explicitly not prosecuting the junior officers who were acting under instruction at a time of enormous duress and perceived threat after 9/11. We have done the opposite. As things stand, we are awaiting a police investigation that will presumably end in the prosecution of the front-line officers involved. At the same time, the Government are fighting tooth and nail to use state secrecy to cover up crimes and political embarrassments to protect those who are probably the real villains in the piece—those who approved these policies in the first place.

The battle against terrorism is not just a fight for life; it is a battle of ideas and ideals. It is a battle between good and evil, between civilisation and barbarism. In that fight, we should never allow our standards to drop to those of our enemies. We cannot defend our civilisation by giving up the values of that civilisation. I hope the Minister will today help me in ensuring that we find out what has gone wrong so we can return to defending those values once again.

10.19 pm

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): I begin by congratulating the right hon. Member for Haltemprice and Howden (David Davis) on securing this important debate. I believe that he has sincere, genuine and long-standing concerns in this issue and I will try to do justice to the points that he makes.

I recall the responsible and non-partisan way in which the right hon. Gentleman behaved in the aftermath of the dreadful London bombings. He sought no political advantage, but sought to be a source of unity in this House and throughout the country along with my Front-Bench predecessors. Therefore, my only criticism of him this evening is that, during the course of the debate on these issues, he has repeated unsubstantiated accusations as fact. That is a departure from the way in which he has sought to approach these issues in the past.

I am sure that the right hon. Gentleman is aware that in both of the cases where these issues have been raised—one of which he has mentioned—the individuals concerned, Rangzieb Ahmed and Salahuddin Amin, have been convicted of terrorism offences and no evidence was found to substantiate the claims of UK involvement in mistreatment. Indeed, the gentleman to whom the right hon. Gentleman referred, Rangzieb Ahmed, was recently interviewed in his cell by *The Guardian* with a Ministry of Justice press official present and the record of this is yet to appear in the media. The same gentleman has an outstanding application for leave to appeal, which, as an active proceeding in a UK court, cannot be referred to in any motion, debate or question, as you are fully aware, Mr. Speaker. Therefore, Mr. Ahmed's case should not be discussed further at present. In both cases, torture allegations were considered only to the extent that they were relevant to the criminal cases. Therefore, the degree to which they have been addressed should not be overstated. The right hon. Gentleman has brought these issues to the House tonight, but he is aware that I am very constrained in my capacity to respond directly to the accusations he makes. However, I will attempt to do justice to the general points that he has alluded to both in the past and in this debate.

I want to place it on record that the Government's policy is that torture is an abhorrent crime and we are fundamentally opposed to it. That principle guides all of the Government's work, including that of the intelligence agencies and armed forces. The Prime Minister addressed recent concerns about the involvement of the security services and armed forces in detention activities in his statement to the House of 18 March. That statement laid out measures to be taken to address these concerns.

International action against torture has been a priority for the Government since the launch of the United Kingdom initiative in 1998. This includes efforts to support wider ratification and implementation of the United Nations convention against torture and the optional protocol to the convention against torture through a combination of bilateral lobbying campaigns, multilateral engagement in the European Union and UN and project work.

For the period 2008-2011, the UK has allocated £5.5 million for overseas criminal justice, prison reform and torture prevention projects. The UK also supports strongly the work of the Association for the Prevention of Torture, the leading non-governmental organisation, which advocated the adoption of the optional protocol to the convention against torture and continues to campaign for its ratification.

My point is that the Government have taken a proactive approach to the work internationally against torture. If that is the case, how is that consistent with the right hon. Gentleman's accusation that the UK Government

[Mr. Ivan Lewis]

have colluded in the use of torture? I say with respect to him that the two do not coincide, and that this is not a consistent statement of the facts.

I also say to the right hon. Gentleman that ensuring the welfare of detained British nationals is a priority in the Foreign and Commonwealth Office's consular work. Any allegation of abuse is treated very seriously. All consular staff receive training which covers prisoner issues, including what to do when they have concerns over torture or mistreatment. When we have permission from the individual concerned, we can raise concerns with the relevant authorities with a view to ending the mistreatment and, when possible, have the incident investigated and the perpetrators brought to justice. In exceptional circumstances, we now consider raising concerns even without an individual's express consent. Even when an individual does not want us to take up their case specifically, our knowledge of it may enable us to lobby far more effectively for improvements in the way in which detainees are treated in general. In many countries we also raise far more general concerns about the treatment of detainees as part of our wider human rights dialogue.

Mr. Robert Marshall-Andrews (Medway) (Lab): I understand, as well as anybody, the Minister's reticence to deal with any case that is sub judice, whether before the initial court or before the Court of Appeal. What I do not understand, because he has gone on to deal with the general, rather than the particular, is why we cannot address the very simple issue in this case: that this man, who was plainly under investigation as a terrorist, was allowed to leave this country. I know very well, as does the Minister, that that is precisely the reverse of the normal process that would apply. Anybody who was a suspect in those circumstances would be proscribed from leaving the country, stopped and arrested. Can we not address just this simple question: given the suspicion that this man was under, why was he allowed to travel to Pakistan? That information cannot be sub judice and it cannot interfere with any due process of justice.

Mr. Lewis: My friend is not only honourable but learned, and he knows full well the answer to that question. That is why it is not reasonable or fair, in the context of this debate, to raise any matter relating to a case that is before the courts. He knows full well that any Minister stood at this Dispatch Box could not engage in an answer to that question without jeopardising matters that I understand are still being considered by the Court of Appeal in this country. One must ask why I am being asked to answer a question that hon. Members know I cannot possibly answer from this Dispatch Box at this time. The right hon. Member for Haltemprice and Howden knows better than to fuel conspiracy theories without providing substantive evidence to the House that proves beyond all reasonable doubt that the accusations that he is making about these cases are borne out.

David Davis: I thank the Minister for his earlier comments about my non-partisan approach to dealing with terrorism—it is the standard. I cannot give him the evidence behind these cases, for the reasons that I gave earlier; I can simply say to him that I am confident of the facts. He does not wish to comment on the detail, but may I bring him back to a general point? One of the things that the Prime Minister has said is that he will put in the public domain the new guidelines on torture. Will the Minister undertake, tonight, to put in the public domain the current guidelines?

Mr. Lewis: I am not able to do that in this debate. What the Prime Minister committed to do, in terms of this House, was the following. The authentic and genuine concerns raised by the right hon. Gentleman and others have, in a sense, shone a light on an area of public policy—Government action in the name of the United Kingdom—where, in a modern world, it is entirely appropriate that there should be proper scrutiny and accountability. In those circumstances, the Prime Minister has gone a step further than any previous Prime Minister; he has said that there is a need for such guidance to be produced and that it should then be made available, so that the standards of behaviour expected of anybody acting in the name of the British Government, or indeed the British people, in fulfilling incredibly difficult security duties are clearly in the public domain.

There was a time—who knows whether this is the case now—when it was perfectly feasible that the right hon. Gentleman could have become, at some point in the distant future, the Home Secretary of this country. If he had fulfilled those responsibilities, he would have faced every day some incredibly difficult judgment calls on how to protect the national security of our country—and balance it with individual human rights and civil liberties. Every day of every week, the Home Secretary, the Foreign Secretary and the Prime Minister have to deal with those difficult dilemmas.

If the right hon. Gentleman accepts in good faith that this country, and anyone acting in the name of this country, has now—as far as we are aware—engaged directly in torture, a secondary question arises. If, as Home Secretary, he received information that came as a consequence of collaboration and co-operation between the United Kingdom and others who may not play by our rules, abide by our standards or respect human rights in the same way as we do, what would he do about accusations against such individuals—I wish to make it clear that I am not referring to any individual mentioned in this debate—who were clearly engaged in terrorist activities that represented a threat to the people of this country? What would he have said if he were sat in the Home Secretary's chair? Would he have said, "It is not appropriate under any circumstances for me to accept that information or evidence and to act on it, because I believe that there is a real danger that the dreadful security services in country x may have engaged in activities that are totally unacceptable under the standards of the UK"?

I do not know the right hon. Gentleman, but having listened to his appearance on "Desert Island Discs" I regard him as an authentic, genuine and straight Member of this House. I put it to him that had he become Home Secretary, those are the kinds of judgments that he would have had to make on a daily basis. That is why he more than anyone should not repeat accusations with no substantive evidence to support them. We have a series of allegations, some of which have been made by people who have been convicted, and others made by people who, as far as I know, have not been convicted in

any court. We have no substantive, clear, unequivocal evidence to support the right hon. Gentleman's contention that the British Government or agents acting on their behalf have colluded with acts of torture.

The right hon. Gentleman must demonstrate how he can be so sure that the evidence is so overwhelming and so beyond all reasonable doubt that he—as a highly respected and responsible parliamentarian—can come repeatedly to this House and use privilege to repeat those accusations.

David Davis: I do not wish to interrupt the Minister's peroration, but I put the question in three parts, one of which was whether he would undertake to look in the places that I indicated—in the agencies and the in-camera proceedings that are all available to him—and confirm things for himself. What he says are unfounded allegations, I believe to be facts.

Mr. Lewis: As the right hon. Gentleman knows, I am bound by matters to do with sub judice and the legal framework. Within those constraints, of course I will take responsibility for asking the fundamental questions that need to be asked before a judgment can be made. Of course it is the responsibility of a Minister to ask reasonable, responsible questions to get to the facts—

10.34 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Wednesday 8 July 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Inward Investment

1. **John Robertson** (Glasgow, North-West) (Lab): What assessment he has made of the effect of greater political stability in Northern Ireland on levels of inward investment. [283753]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): While inward investment is of course a matter for the devolved Administration, both current and future levels of investment from outside the UK depend on maintaining political momentum and demonstrating the strength of political stability in Northern Ireland.

John Robertson: I thank my right hon. Friend for that answer. He is right that the political situation in Northern Ireland is a lot better, but would it not also help if investment on Government projects was directed into areas such as Northern Ireland, so that people could concentrate more on work than on political unrest?

Mr. Woodward: My hon. Friend is right to point to the effects of Government investment, and I am very pleased that the Executive and Assembly in Northern Ireland are making extremely good use of it. I congratulate the First Minister, the right hon. Member for Belfast, East (Mr. Robinson), who is here today, on the work that he is leading in that regard. It may be worth remarking that, this year alone, nearly 43 inward investment projects—in excess of around £800 million, I believe—are being conducted in Northern Ireland.

Mr. Peter Robinson (Belfast, East) (DUP): While the Secretary of State rightly draws attention to the fact that the Northern Ireland Executive met their own targets for the last financial year, ending on 31 March, the economic downturn will make things much more difficult in the year ahead. Northern Ireland has a first-class package for inward investment, with a young and well-educated work force and a very good record in innovation, research and development. However, does he agree that the bottom line when he or anyone else has visited America or elsewhere in the world is that people want to know that violence has ended and that there is political stability? The twin evils in respect of getting investment back into Northern Ireland and getting our economy going are those who use the bomb and the bullet to kill and cause bloodshed there, and those wreckers who are attempting to bring down the political institutions.

Mr. Woodward: I congratulate the right hon. Gentleman on the work that he has been doing to inspire leadership in Northern Ireland, and also on what he has done with the Deputy First Minister in the United States to attract inward investment. They have been extremely successful, especially in the current climate. The right hon. Gentleman is also right to point to the impact of the activities of those criminals who call themselves dissident republicans. Again, I congratulate the First Minister and his colleagues on their achievements, which mean that, despite those criminal activities, Northern Ireland continues to be a place that attracts that investment.

Dr. Alasdair McDonnell (Belfast, South) (SDLP): What discussions, if any, have there been between the national Government here and the devolved Government in Stormont about the spectrum of investment in renewable energies and sustainability? Has there been any dialogue across the border with the Government in the Irish Republic on those issues?

Mr. Woodward: The hon. Gentleman will know that that is a matter for the devolved Administration, but I assure him that the British Government will provide every encouragement to the talks taking place. Anything that I can do in a capacity appropriate to the Secretary of State, I of course stand ready to do.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Does the Secretary of State agree with New York's Mayor Bloomberg, who said that to attract the level of inward development that he thinks is possible a lot of the physical barriers—the peace walls, the murals, the painted kerb stones and the rest of it—will have to be removed? Will the Secretary of State give his support to those politicians in Northern Ireland who are taking a very brave stand on some of those issues?

Mr. Woodward: I absolutely support all those politicians, and again I commend the leadership jointly offered by the First Minister and the Deputy First Minister on these issues. However, it would be remiss of the House not to record the historic progress that has been made on decommissioning by loyalism in the past few weeks. Again, that achievement is very much the result of a team effort, across the House and outside it. I should like to put on record my thanks to this House for keeping faith with the decommissioning process, which has taken many weapons off the streets for ever.

Mr. Laurence Robertson (Tewkesbury) (Con): The Secretary of State and other right hon. and hon. Members are right to point out that Northern Ireland does stand to benefit from the decommissioning and the peace dividend. However, one problem is that the public sector in Northern Ireland remains disproportionately large, compared with that sector in the rest of the UK. What can the right hon. Gentleman do to change that, bring about greater investment in Northern Ireland and increase the size of the wealth-creating private sector?

Mr. Woodward: This is an interesting moment. The hon. Gentleman is right to point to the concern about the size of the public sector in Northern Ireland, and in normal economic circumstances we would wish to press that issue. However, as he will know, a recession is taking place, and this Government believe that it is right to continue with the investment in Northern Ireland; to do its best for the people there; and to not pursue the Opposition policy of 10 per cent. cuts.

Saville Inquiry

2. **Mr. Simon Burns** (West Chelmsford) (Con): What his most recent estimate is of the cost of the Saville inquiry. [283755]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): The cost of the Bloody Sunday inquiry to the end of May is £188 million, including legal costs incurred by the Ministry of Defence.

Mr. Burns: Is the Secretary of State aware that legal costs are at just over £97 million, that the inquiry has lasted more than nine years, with 920 witnesses and 433 sitting days, and that the report is expected to be more than 4,000 pages long? Does he accept that for the good of the families and the armed forces, the process should be brought to an end swiftly? When will it be?

Mr. Woodward: It is always interesting to hear Opposition Members talk about inquiries, and expressing concern about the cost and the length of this inquiry. That is why the Government wanted the Inquiries Act 2005 to control costs and the number of years an inquiry takes, and why the Government have been very sensitive to the issues of the Saville inquiry in relation to the families. We must never lose sight of the fact that although the cost of the inquiry is rightly a matter for the House, the value of the Saville inquiry has been inestimable in ensuring that the peace process is successful.

Mark Durkan (Foyle) (SDLP): Is the Secretary of State aware of the consternation caused to the Bloody Sunday families by some recent words in the House, and can he offer any reassurance in that regard? Can he update us on what further consideration he is giving to the particular needs and rights of families in the context of the publication of the Saville report?

Mr. Woodward: The inquiry is independent, of course, and as such, when it reports is a matter for Lord Saville. He has indicated to me that he still expects that to happen in autumn this year. We should record the fact that everyone in the House shares the hon. Gentleman's frustration at the amount of time the inquiry has taken, and everyone in the House is very sensitive to the families and to the soldiers who were involved in the inquiry. I am making sure—and I will, of course, conduct these discussions with you as well, Mr. Speaker—that when the time for publication comes, we will be very sensitive to the needs of those families and the soldiers.

Sir Patrick Cormack (South Staffordshire) (Con): The Secretary of State will know that the Select Committee is unanimously concerned about both the length and the cost. Can he give the House an assurance that if there ever has to be another major public inquiry, there will be tighter control over the legal costs?

Mr. Woodward: The hon. Gentleman's work on inquiries, and that of his Committee, have been a very important contribution. It is a matter for the House to determine other inquiries and when they take place, but if we want independent inquiries, they must be just that. An independent inquiry will, I am afraid, have to be a process whose length we cannot control. In the end we can try and hold the inquiry accountable for costs, but independence must mean independence. If the hon. Gentleman's wish were to be granted, he would also have to accept some loss of independence, and that may not be what he would want.

Mr. Nigel Dodds (Belfast, North) (DUP): On a day when there is renewed concern in Northern Ireland about the amount of money spent by Government on legal costs, does the Secretary of State agree that more needs to be done to cap the costs of legal representation in such cases, because astronomical sums of public money are going into lawyers' pockets? The public in Northern Ireland and across the country are rightly appalled at this level of expenditure. Can he give an assurance that it will be brought to an end?

Mr. Woodward: The hon. Gentleman knows that that was one of the major purposes of the Inquiries Act 2005 and why we wanted other inquiries that are taking place to do so under the Act or to convert to the terms of the Act. The hon. Member for West Chelmsford (Mr. Burns) referred earlier to the almost £100 million that has been spent on the legal costs of the Saville inquiry. That is a genuine issue of real concern to the House, but we must recognise that those who advocate open and public inquiries also have to come to terms with the fact that many people who come before such inquiries will want legal representation. Although we will try to bear down on the costs of legal representation, as we have done through the Inquiries Act, we cannot deny people fair representation and justice.

Equality Issues

3. **Mr. Graham Allen** (Nottingham, North) (Lab): What plans he has for the transfer of responsibility for the equality issues within his portfolio to the Northern Ireland Assembly; and if he will make a statement. [283756]

The Minister of State, Northern Ireland Office (Paul Goggins): The vast majority of equality and anti-discrimination matters are already within the legislative competence of the Northern Ireland Assembly. We have no current plans to devolve any of the remaining reserved equality issues, but would be happy to consider doing so if requested by the Assembly.

Mr. Allen: Would the Minister consider it to be in the spirit of the Good Friday agreement, and the spirit of equality, for both Her Majesty's Government and the devolved Assembly to continue to ensure that children receive a similar education and are not separated, if not at birth, then at the age of four or five, into religious groups, and learn tribal loyalties, rather than a loyalty to humanity?

Paul Goggins: I know that my hon. Friend has a long-standing interest in, and commitment to, integrated education in Northern Ireland; he has raised the issue on many occasions. He rightly points out that equality, and a commitment to equality, was at the heart of the Good Friday agreement. It paved the way for the great progress made in Northern Ireland in recent years. One of the products of that progress is that many matters are now devolved in Northern Ireland, including responsibility for education, so I hope that he will forgive me if, on this occasion, I pass and leave it to others to comment on those issues.

Mr. Gregory Campbell (East Londonderry) (DUP): I suppose that it should be said—I hope that the Minister agrees—that state schools in Northern Ireland do not encourage tribalism.

Leaving aside the as yet undetermined date for the transfer of policing and justice powers, what more rapid progress can the Minister secure to bring about an equitable situation regarding recruitment to the police in Northern Ireland, so that everyone, irrespective of their religious background, has an equal opportunity, and so that merit is the only consideration in such recruitment?

Paul Goggins: I know that the special provisions in place for recruitment to the Police Service of Northern Ireland are a matter of some controversy, and I know that the hon. Gentleman has very strong views on them. However, he will recognise that when Patten reported, only 8 per cent. of serving police officers in Northern Ireland were from the Catholic community. I can tell him that the figure is now more than 26 per cent. That is a huge change, and it means that the Police Service of Northern Ireland more fairly reflects the community that it serves. We are absolutely committed to disapplying the special provisions that are now necessary when we reach the target of 30 per cent., and recruitment will then proceed in the normal way.

Crime Detection

4. **Bob Spink** (Castle Point) (Ind): What the rate of detection of crime by the Police Service of Northern Ireland was in the latest period for which figures are available. [283757]

The Minister of State, Northern Ireland Office (Paul Goggins): The clearance rate in Northern Ireland for 2008-09 was 23 per cent.—an increase of 2.5 percentage points on the previous year. Importantly, there has been an increase in clearance rates for some of the most serious crimes committed, including murder and attempted murder, as well as serious sexual offences.

Bob Spink: I welcome that answer. I congratulate the Police Service of Northern Ireland on its detection rate for serious crime, but the Minister is aware that low-level crime and antisocial behaviour continue to increase. Will he resist any move to disband the full-time reserve, and will he ensure that we get more front-line policing, and a greater high-visibility police presence on the street?

Paul Goggins: There is absolute commitment from the Policing Board and the Chief Constable in Northern Ireland to making sure that we get as many police officers on to the streets as possible. There is a huge commitment to neighbourhood policing. The hon. Gentleman mentions the full-time reserve; I pay warm tribute to all those who have served in the full-time reserve in Northern Ireland. They have done a heroic job over many years. However, the Chief Constable recently reaffirmed his decision to continue to disband the full-time reserve. There are currently 180 full-time reserve officers on the front line. The Chief Constable has given a clear commitment that all their responsibilities, and all the cover that they provide, will be filled. He has given a categorical assurance on that, and he certainly would not compromise the safety of his officers.

Mr. Eddie McGrady (South Down) (SDLP): In spite of the Minister's welcome statistics regarding the detection and resolution of crime, is he aware that the community in Northern Ireland, generally speaking, is frustrated by the failure to prevent and detect antisocial behaviour and low-level crime? Is he also aware that there was a scheme afoot to provide police community support officers? Such a scheme is essential to the resolution of crime, as well as a vital outstanding matter from the Patten review of policing. That scheme was frustrated by the failure in 2007 to provide the funding. Will he now provide that funding?

Paul Goggins: The Police Service of Northern Ireland received a very good budget for the comprehensive spending review '07 period—a budget that enables it to retain a police force of 7,500 regular officers. The hon. Gentleman made a point about police community support officers. I can tell him that I see the benefits of PCSOs every day in my constituency, and I look forward to the day when the Policing Board and the Chief Constable in Northern Ireland decide to commit to PCSOs. The hon. Gentleman is right about the need to deal with antisocial behaviour, and yesterday I had the great pleasure of launching the "summer splash" scheme in Northern Ireland, in which young people up and down Northern Ireland will be given positive activities to do during the summer months, so that they do not engage in antisocial activity.

Mr. Owen Paterson (North Shropshire) (Con): The recent incident at Lisnaskea shows that, to improve crime detection rates, it is essential that republican and loyalist paramilitaries be put out of action for good. The recent loyalist decommissioning is highly significant and vindicates the position that we took on decommissioning legislation. However, a number of loyalist groups are still engaged in serious criminality. How does the Minister intend to reduce their activities?

Paul Goggins: Again, I join my right hon. Friend the Secretary of State in welcoming support from other parties in this place for the provisions that this Government introduced to extend the decommissioning amnesty period. That has paid off, we have now seen further decommissioning and we should all take heart from that. However, the hon. Gentleman is quite right: people associated with paramilitary organisations are still engaging in criminal activities. They will be dealt with by the police and by the agencies that form the Organised Crime Task Force in Northern Ireland, and that work goes on apace.

Mr. Paterson: The misery inflicted on the whole community by loyalist groups is wholly unacceptable. Does the Minister agree that, in order to cut crime and increase detection rates, he needs to maintain unrelenting pressure to force them to end all their illegal activities, disband their command and control structures and give their unconditional support to the PSNI?

Paul Goggins: I again make the point that the police are at the forefront of the drive against crime, and they can do their job only if they are properly resourced. This Government have provided those resources, and we certainly would not implement 10 per cent. cuts in the funding of the Police Service of Northern Ireland.

Chris Ruane (Vale of Clwyd) (Lab): Despite the alleged increase in crime on which the hon. Member for North Shropshire (Mr. Paterson) is trying to campaign, and despite 40 years of war and conflict, Northern Ireland has the highest points on happiness as against income in the whole British Isles. Will the Minister find out the essence of that happiness in Northern Ireland, bottle it and send it across to the rest of the British Isles?

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): It is the leadership from the Northern Ireland Office.

Paul Goggins: My right hon. Friend comments from a sedentary position that leadership from the Northern Ireland Office is probably largely responsible.

That is an interesting question, however, and from my own observations over the last three years while serving in Northern Ireland, I should say that what is so important is the sense of community and identity. In the past, those things have played into the hands of conflict, but as we make progress I see them as great strengths that reassert the importance and solidarity of community life in Northern Ireland.

Immigrants (Attacks)

5. **Mr. Philip Hollobone** (Kettering) (Con): What recent reports he has received of attacks on immigrants in Northern Ireland; and if he will make a statement. [283758]

7. **James Duddridge** (Rochford and Southend, East) (Con): What recent reports he has received of attacks against the immigrant population in Northern Ireland. [283760]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): These attacks in Northern Ireland are wholly to be condemned. Fortunately, it now seems that they were a relatively isolated set of incidents, and the House will wish to know that three people have now been charged with serious offences.

Mr. Hollobone: Why were the police not more aware of the simmering tensions with the Romanians in the local community? Does that not underline the importance of getting effective community policing up and running in Northern Ireland?

Mr. Woodward: With respect, I think that the Police Service of Northern Ireland does an extraordinarily good job in protecting the community in Northern Ireland, and I caution the hon. Gentleman against using the incident to draw a general point. That being said, we should acknowledge that the police said that they did not know enough about the Romanian community at the time. Of course, they are looking at the matter, however, and I am again pleased to report that it looks as though it was an isolated set of incidents.

James Duddridge: Margaret Ritchie, the Northern Ireland Minister with responsibility for housing, was saddened by the attacks, but not surprised. In light of that, does the right hon. Gentleman anticipate any more attacks, and what provisions have been made against that eventuality?

Mr. Woodward: All of us were extremely disappointed that the attacks took place. I draw the hon. Gentleman's attention to the fact that every political leader, led again by the First Minister and Deputy First Minister, condemned the attacks. Regrettably, there can be intimidation in any community, but let us be clear: race attacks should be condemned, wherever they take place.

David Taylor (North-West Leicestershire) (Lab/Co-op): Does not what happened show that parts of Northern Ireland are still deeply divided and segregated, including the divided communities in Belfast? What is the Secretary of State doing to encourage all Departments across the spectrum to develop the framework of "A Shared Future" and an integrated society in Northern Ireland, so that the process of reconciliation and healing can begin and the community can become genuinely welcoming to people from outside its borders?

Mr. Woodward: As the investment made from the United States indicates, Northern Ireland today is a genuinely welcoming community. My hon. Friend referred to the need to continue to build on "A Shared Future"; the First Minister is here today, and I know that he very much believes in that. But let us be clear. The best way in which we can build a shared future is to complete stage 2 devolution of policing and justice—*[Interruption.]*

Mr. Speaker: Order. A lot of private conversations are taking place, and frankly the decibel level is too high. That is unfair to the Member asking the question and to the Minister answering it.

Dr. William McCrea (South Antrim) (DUP): Does the Secretary of State agree that, whether a person is an immigrant or from the indigenous population in Northern Ireland, all threats, intimidation and murder, whether emanating from a person within the Northern Ireland community or from dissident republicans in Northern Ireland, must be condemned and stopped?

Mr. Woodward: I welcome the hon. Gentleman's comments. Of course such things must be condemned and stopped, and we all have a duty to make that happen. The best example that we can now give the people of Northern Ireland is to ensure that stage 1 devolution continues to work and delivers for people

and that we show, sooner rather than later, that the politicians of Northern Ireland can share the responsibility for policing and justice as well.

Bill of Rights (Public Consultation)

6. **Jo Swinson** (East Dunbartonshire) (LD): When his Department plans to begin a public consultation on the proposed Bill of Rights for Northern Ireland. [283759]

The Minister of State, Northern Ireland Office (Paul Goggins): The Government are currently considering the Northern Ireland Human Rights Commission's detailed proposals. We aim to publish a consultation paper after the parliamentary summer recess.

Jo Swinson: I thank the Minister for that reply. Given that polls show that three quarters of people in Northern Ireland, from all sides of the community, think that a Bill of Rights is important for the future, will the Minister, after the consultation, commit to allowing sufficient parliamentary time to deliver on that vital part of the Good Friday agreement?

Paul Goggins: Before we consider the issue of parliamentary time, we need a proper consultation on the proposals made by the Northern Ireland Human Rights Commission. As the hon. Lady will know, it provided us with a 200-page document with some 80 recommendations. We are considering all of them very carefully indeed. I look forward to the public consultation that will follow later in the year.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): The Minister will be aware that there is widespread concern, particularly in the Unionist community, about the proposals in the draft Bill of Rights. Unionist parties, Unionists on the Northern Ireland Human Rights Commission and the Protestant Church leaders have made clear those concerns. Will the Minister assure the House that the Government will not proceed with the Bill of Rights as it is currently drafted and that they will go back to consult the community and take on board the genuine concerns held by many people in Northern Ireland?

Paul Goggins: I acknowledge that there are many views on the issue, and many views have been expressed. There was, however, one report from the Northern Ireland Human Rights Commission; we have received it, are considering it and will consult on it. However, I offer the right hon. Gentleman the absolute reassurance that he and all people in Northern Ireland will have the opportunity to comment on and be part of that consultation.

Equality Commission

8. **Philip Davies** (Shipley) (Con): What recent discussions his Department has had with the Equality Commission for Northern Ireland on its review of the effectiveness of section 75 of the Northern Ireland Act 1998. [283761]

The Minister of State, Northern Ireland Office (Paul Goggins): The Northern Ireland Office contributed to the Equality Commission's consultation process during its review of the effectiveness of section 75 of the Northern Ireland Act 1998. Copies of the report were placed in the Libraries of the House on 9 June.

Philip Davies: Having recently had discussions with elected politicians in Northern Ireland who find section 75 to be a bureaucratic, institutionalised piece of political correctness, I ask the Minister to consider repealing the provision instead of encouraging such politically correct box-ticking, which does nothing to improve community relations in Northern Ireland.

Paul Goggins: Why did I think that the hon. Gentleman might use the phrase "political correctness"? I ask him to reflect for a second on the importance of the commitment to equality and fairness in Northern Ireland in the context of the past 10 years. Putting equality and fairness at the heart of the political and public policy-making agenda is absolutely essential to ensure that peace takes the place of violence and sectarian hatred.

Sammy Wilson (East Antrim) (DUP): While the Secretary of State emphasises the importance of fairness and equality being at the heart of affairs in Northern Ireland, does he accept that the legislation as currently drafted has led to an extensive and unnecessary piece of equality legislation that has led in turn to the build-up of an equality industry that serves few of the purposes that he outlined in his answer, and that therefore any future legislation should be designed to dismantle that industry while ensuring that the principles of fairness and equality remain?

Paul Goggins: I do not accept or recognise the description that the hon. Gentleman has given. There is a commitment to equality; indeed, there is an absolute responsibility on public authorities to consider all their policies in relation to equality. Where it is felt that there might be an adverse impact, an equalities impact assessment should be provided. The important thing, as the Equality Commission has recognised, is not the process but the practical outcome in terms of the lives that people lead. I hope that in future we will focus on those practical outcomes more than on anything else.

PRIME MINISTER

The Prime Minister was asked—

Elderly People (Long-term Care)

Q1. [284662] **Malcolm Wicks** (Croydon, North) (Lab): What the Government's policy is on the funding of the long-term care costs of elderly people.

The Leader of the House of Commons (Ms Harriet Harman): I have been asked to reply.

Before I take my right hon. Friend's question, I am sure that the whole House will wish to join me in sending our sincere condolences to the families and friends of the servicemen killed in Afghanistan in the past week. They were Lieutenant-Colonel Rupert Thorneloe, commanding officer of 1st Battalion the Welsh Guards; Trooper Joshua Hammond of 2nd Battalion the Royal Tank Regiment; Lance-Corporal David Dennis

of the Light Dragoons; Private Robert Laws of 2nd Battalion the Mercian Regiment; Lance-Corporal Dane Elson of 1st Battalion the Welsh Guards; Captain Benjamin Babington-Browne of 22nd Engineer Regiment, Royal Engineers; and the soldier from the Light Dragoons who was killed in Helmand province yesterday. We owe these men, and all those who have lost their lives in service, our deepest gratitude. They served our country and the people of Afghanistan with distinction in desperately difficult conditions ahead of the very important August presidential elections in that country. They will never be forgotten.

I hope that the House will understand if I take a moment also to offer my condolences to the families and friends of those killed in the fire in Camberwell on Friday.

In answer to my right hon. Friend the Member for Croydon, North (Malcolm Wicks), the Government plan to publish a Green Paper on care and support shortly.

Malcolm Wicks: I know that all Members offer their condolences to the families who have suffered such terrible losses in Afghanistan—those brave men—and also closer to home in my right hon. and learned Friend's own constituency.

Given that the cost of care associated with the ageing of our already elderly population is in many respects an unfinished chapter in the history of the modern welfare state, and that it affects many families in Croydon and in all our constituencies, does the Leader of the House agree that we now need quickly to develop a robust social policy that will allow the spreading of risks and costs?

Ms Harman: I very much agree with my right hon. Friend who, ever since he was at the Family Policy Studies Centre, has drawn the House's attention to these issues. With an ageing population, the number of those over 85 is set to double over the next two decades. This is a major challenge for families and for the Government. We will bring forward a Green Paper that will have the objective of ensuring that there is independence and choice in the provision of services, that the highest quality of services is available to everybody, and that those services are affordable for the individual, for the families and for the public purse.

Mr. Stephen Dorrell (Charnwood) (Con): May I associate myself with the remarks that the right hon. and learned Lady made about those who have lost their lives in Afghanistan and in Camberwell?

Is not the Government's policy on the funding of long-term care accurately summarised as being to procrastinate and to delay? Can the right hon. and learned Lady confirm that Tony Blair promised action on this subject to the Labour party conference in October 1997? Since then, we have had the Wanless review, we have had a zero-based review, we have had several comprehensive spending reviews, and we have had a royal commission—but we have had no action. When will the Government deliver the action that the then Prime Minister promised 11 and a half years ago?

Ms Harman: This Green Paper will be a very important next step, but it is not true that we have taken no action. Since we have been in government, we have recognised the importance of family care and those who go out to work as well as care for older relatives. That is why we brought in the right to request flexible working for those who care for older relatives—that is action. That is why we have increased resources for the health services for the many older people who need health care support. That is why we have increased resources for social services, so that there is domiciliary care available to people who remain independent in their own home as well as social services residential care. Yes, we will take further steps and we will consult on the challenges ahead, but it is absolutely not true to say that we have made no progress over the past 10 years. We have.

Q2. [284663] **Linda Gilroy** (Plymouth, Sutton) (Lab/Co-op): I join in offering condolences to those who have lost their lives at home and abroad, particularly Trooper Joshua Hammond, who has a very large family in Plymouth mourning his loss.

My constituency is home to a large number of hard-working public sector workers—cleaners, cooks, health care workers and administrators. Public sector workers have an average pension of £7,000 a year. Does my right hon. and learned Friend understand their anger and concern when those rather modest pensions, and indeed their modest pay, come under attack as being somehow unfair or unreasonable?

Ms Harman: I agree with my hon. Friend. We are strongly committed to public services and to the work that public servants do, particularly those who work hard, often for very modest incomes, and we make no apology at all for public service pensions remaining an important part of the remuneration package of public sector workers.

Mr. William Hague (Richmond, Yorks) (Con): On behalf of the Opposition, may I also send our condolences to the families of the six people, including a three-week-old baby and two other children, who died in such tragic circumstances in Camberwell, in the right hon. and learned Lady's constituency, on Friday evening? That event was deeply distressing to her constituents and the whole country.

I join the right hon. and learned Lady, of course, in paying tribute to the seven servicemen who have been killed in Afghanistan in the past week: the soldier from the Light Dragoons killed on Tuesday; the soldier from the Royal Engineers killed on Monday; Lance-Corporal Dane Elson; Lance-Corporal David Dennis; Private Robert Laws and Trooper Joshua Hammond, who were both aged just 18; and Lieutenant-Colonel Rupert Thorneloe, who was the commanding officer of the 1st Battalion the Welsh Guards.

Given those casualties, should we not particularly remember this week that our forces deserve our gratitude and admiration? Are the Government satisfied that everything possible is being done to provide the best possible protection and mobility for our forces there, including the earliest possible increase in the number of helicopters and armoured vehicles?

Ms Harman: The right hon. Gentleman is absolutely right to say that we must do everything possible to ensure the greatest protection for our troops in the field, and there is no complacency about that. We have increased the number of armoured vehicles that have been procured

for and made available to our troops, but we are not going to be complacent and there must be more. We have increased the number of helicopters by 60 per cent. over the past two years, but we recognise that we should do more. We want to do more not only for their personal protection but in recognition of the importance of their mission in Afghanistan, not only to that country but to the region and to the security of this country.

Mr. Hague: We all recognise that it is important to do more, and we will hold the Government to the commitments that the right hon. and learned Lady has made.

Moving on to Government policy more broadly, will she put into plain English for everyone the Prime Minister's assertion last week that

"total spending will continue to rise, and it will be a zero per cent. rise in 2013"?—[*Official Report*, 1 July 2009; Vol. 495, c. 294.]

Ms Harman: The right hon. Gentleman will know that all the figures are set out in the Budget book. Our commitment is clear: we are making public investment now to help to back up the economy, get through the recession and ensure that it is shorter and shallower than it would otherwise be. That means backing businesses, protecting people's jobs, helping the unemployed and ensuring that people do not face repossession. We are taking action. The right hon. Gentleman wants to concentrate on numbers to avoid facing up to the fact that the Opposition have proposals to cut public investment now—*[Interruption.]* They have proposals to cut public investment this year, just when the economy needs investment most. I understand that the shadow Chancellor revealed last week that he spends 40 per cent. of his time thinking about economics. It is amazing that he spends 40 per cent. of his time thinking about doing absolutely nothing.

Mr. Hague: Perhaps the Leader of the House could spend 100 per cent. of the next minute trying to answer the question she was asked about what the Prime Minister meant by a "zero per cent. rise". Is it not now clear that every single word of the assertion that he made last week is wrong—that total spending will not rise, and there will not even be a "zero per cent. rise", as he bizarrely called it, in 2013, but that the figures in the Government's books, which the Leader of House mentioned, show that there would be a fall? As so many supporters of the Government are now calling for honesty about spending, should she not find it in herself to do what the Prime Minister refuses to do: admit the facts of the Government's figures? Will she come down on the side of reality and say that, on the Government's figures, total spending is set to fall?

Ms Harman: Our honest and committed view is that we need to invest now to back up the economy, not only to protect individuals, who have worked hard to build up their businesses, but to ensure that the situation is not worse in the longer term. How telling it is that the Opposition want only to talk about figures in five years' time to distract attention from the action, which they do not support, that we are taking now.

Mr. Hague: There is no need to talk about the figures in five years' time as the Government's figures show that capital spending will fall from £44 billion this year—and fall every year—to £22 billion in four years. Is it not an indisputable fact that capital spending is being halved?

Ms Harman: I think the right hon. Gentleman knows full well that the reason for the figures is our bringing forward capital spending. We are not cutting capital spending—we have increased it and we are bringing it forward because, given that, for example, the private sector construction industry is facing dire times, we think it right to bring forward capital investment in public construction, not only for the sake of the children's centres, schools, hospitals and homes that will be built, but for the jobs that that will create. The truth is that there is a big distinction: while we are investing in bringing forward that capital investment, the Opposition would pull the plug on the public sector just when the private sector is struggling.

Mr. Hague: The Leader of the House's statement "We are not cutting capital spending", when the Government's figures show it declining from £44 billion to £22 billion, is exactly the sort of statement that damages the credibility of politics and the Government. It is no wonder that they are abandoning their numeracy strategy when Ministers will not admit that 22 is half of 44. Is the right hon. and learned Lady aware that figures from the Institute for Fiscal Studies show that capital spending from 2013 as a proportion of national income would be below the average for the whole 18 years of Conservative Government? That is the capital spending that the Government intend to deliver. Is it not also true that, on the Government's figures, the huge increase in debt interest and the rise in unemployment mean it is an indisputable fact that their projections lead to departmental spending falling heavily in the next few years? Why can she not admit the facts?

Ms Harman: The right hon. Gentleman mentioned capital spending, and I have made it clear that we are bringing it forward. He also mentioned unemployment, and we are taking action to protect people's jobs. Unemployment would be growing if we had made the cuts that he is suggesting. When it comes to the estimates on unemployment, our estimate is that if we had not taken the action that we have taken to back up business and protect people's jobs, 500,000 more people would have lost their jobs. Once again, he talks about figures in 2013 and 2014, but the action that we are taking now will ensure that the public finances are in a better position, because we will prevent the recession from being deeper and longer.

Mr. Hague: If the right hon. and learned Lady believes that capital spending is not being cut and that unemployment is not growing, it is no wonder the Government are so deeply out of touch with the people of this country and with the condition of the economy. Is it not the case that any Government elected at the next election will inherit public finances that are in an unbelievable mess, after 12 years of a Prime Minister who spent everything in the boom, who thought that the bust would never occur and who believed that he had abolished the economic cycle? Now capital spending is being cut, total spending is being cut and departmental spending is set to be cut. Those are the Government's own plans. Are those not Labour cuts being brought in by a Labour Chancellor that have been made necessary by the actions of a discredited Labour Government over the past 12 years?

Ms Harman: We have rebuilt hospitals over the past 10 years. We have rebuilt schools. We have paid down debt and we are now facing the challenge—*[Interruption.]* Yes—

Mr. Speaker: Order. I apologise for interrupting the Leader of the House, but there is simply far too much noise. Right hon. and hon. Members need to calm down.

Ms Harman: And yes, we have paid down debt, so that we have the second lowest debt in the G7. We are responding to the challenge of this recession. The truth is that it is the Opposition who are embarrassed about their past, who are failing to face up to the challenge of the present and who have nothing to offer the future.

Des Browne (Kilmarnock and Loudoun) (Lab): May I associate myself with the words of condolence for the brave and professional soldiers who have given their lives in Afghanistan over the past week, as well as those who so tragically lost their lives in that dreadful incident in my right hon. and learned Friend's constituency?

Thousands of people in Scotland, along with civic society, the Churches, East Ayrshire council, the Scottish Government and Scottish Enterprise, have joined in supporting the work force in my constituency at the Johnnie Walker plant in Kilmarnock—700 of them—and those who work in the distribution plant owned by Diageo nearby. We have also been joined by Members from all parties in Scotland. Will my right hon. and learned Friend join us in seeking to persuade Diageo not to discard two centuries of loyal, hard-working and profit-making contributions to its business in the name of improved shareholder value and will she pledge Government support for that campaign?

Ms Harman: I know that my right hon. Friend the Secretary of State for Scotland is meeting the chief executive of Diageo today, and he will be urging him to think again about the proposed closure of its Kilmarnock plant, as my right hon. Friend has requested. The announcement is very bad news for the workers and their families and will be a body blow to Kilmarnock. My right hon. Friend the Secretary of State will be seeking an assurance from Diageo that it will commit to looking seriously at alternative options that the workers and Scottish Enterprise come up with.

Dr. Vincent Cable (Twickenham) (LD): May I add my condolences to the families of the seven brave servicemen who died in Afghanistan and to those of the victims of the Camberwell fire?

In welcoming the Minister back to her temporary job running the country, may I express the hope that when she was briefing the Prime Minister for talks with his friend Signor Berlusconi, she remembered to enclose an Italian translation of her progressive views on gender equality?

My question is about public sector pay. How do the Government expect low-paid public sector workers, whom the right hon. and learned Lady has rightly just defended, to accept restraint in an environment where the Government are allocating to senior management—senior civil servants—large salaries, generous pensions and very large bonuses, averaging £10,000 a head?

Ms Harman: We have made it clear that we expect to see restraint at the top of the public sector. It is important in difficult times that those in a leadership position in the public sector take their responsibilities seriously and set a good example.

Dr. Cable: But that does not address the basic principle. Why is it that two thirds of all senior civil servants expect to receive bonuses in order to get out of bed in the morning, on principle? May I also address the issue of the most highly paid public servants—namely, those who work in the publicly owned and guaranteed banks? Why do the Government simply not stop bonuses being paid within those banks? They are publicly owned banks, owned by the taxpayer. Why do the Government not simply say no?

Ms Harman: The Government have made it very clear indeed that we want to see an end to recklessness whereby people have enriched themselves while gambling with other people's money and given themselves big bonuses as a reward for failure. We have made it clear that we expect action from the Financial Services Authority, and the Chancellor will be making a statement about that shortly.

Q3. [284664] **Natascha Engel** (North-East Derbyshire) (Lab): Until very recently, I had the great honour of being a trustee of the much-respected UK Youth Parliament, which has been working hard on bringing together proposals for a consultation that will reach about 1 million young people aged between 11 and 18. The consultation will seek their views on politics and democracy. Will my right hon. and learned Friend help me to support the UK Youth Parliament in getting this important consultation out, to ensure that the project is as successful as all of us here need it to be?

Ms Harman: I agree that we need to do everything we can to increase the involvement of young people in politics, and I congratulate my hon. Friend on her consistent work on this issue. It is very important that, at last, the House has decided that, when the House is not sitting, the UK Youth Parliament can use this Chamber. You never know—when we see how it conducts its proceedings, we might even learn something from it!

Q4. [284665] **Andrew George** (St. Ives) (LD): Cornwall has been satisfying the Government's house building strategy by growing faster than almost anywhere else. In fact, it has more than doubled its housing stock in the past 40 years, yet the housing problems of local people have got dramatically worse over that time. Rather than grinding on with another 20 years of a failed strategy that has turned Cornwall into a developers' paradise through building unaffordable housing, will the Government give Cornwall the power to concentrate on meeting the now desperate need of local families?

Ms Harman: We want to ensure that the hon. Gentleman's county of Cornwall has not only the power but the resources to ensure that there is more affordable housing for rent and for people to buy. That is why, in the Budget this year, we announced nationally a further £400 million to provide 9,000 more homes to rent or to buy. In "Building Britain's Future", which we announced

last week, we put forward a further £1.5 billion over the next two years so that we can have 20,000 energy-efficient affordable homes for young families—some of which, I am sure, will come to Cornwall.

Mr. Anthony Wright (Great Yarmouth) (Lab): On Monday, while some Conservatives were celebrating the 20th anniversary of the ending of the dock labour scheme—with Lord Fowler, the architect of that legislation, as their guest speaker—11 of my dock workers were being told that their jobs were ending owing to the casualisation of the port. This is happening despite the fact that Lord Fowler, when he was a Minister in this House, gave an assurance that the legislation would not result in a return to casualisation. Will my right hon. and learned Friend join me in encouraging the employers to return to the negotiating table to secure the future of the port dock labour scheme in Great Yarmouth so that we can ensure continued employment for the future?

Ms Harman: I know that my hon. Friend fights hard for the dock workers and for the industries that are dependent on the docks in his constituency. I will raise this matter with Ministers in the relevant Departments and ask them to meet him to discuss taking the matter forward.

Q5. [284666] **Mr. John Maples** (Stratford-on-Avon) (Con): The seven soldiers killed in Afghanistan, whose names the right hon. and learned Lady gave us at the start of Prime Minister's Question Time, bring to exactly 170 the tragic total of those killed in Afghanistan since 2006. Many people in my constituency are starting to doubt the wisdom of this war and I wonder whether she could remind the House of precisely what our military objective in Afghanistan is.

Ms Harman: The hon. Gentleman makes a very important point. We do not want anyone to be in any doubt about the importance of this mission in Afghanistan. It is important to ensure that in the mountainous regions surrounding Afghanistan and Pakistan, we do not have a crucible for the development of terrorism, which threatens people not only in those countries but in the wider region and, indeed, the whole world. This mission is also important for the education of people in Afghanistan. There are now 6 million children in school in that country, compared with only 1 million in early 2001. Our troops have paved the way, working with other international forces, to make that possible. They are paving the way for economic development and a more secure democracy as well as security in the region and the world. We want to make it clear to our soldiers, their families and the people of this country that we have no doubt about the importance of the mission in Afghanistan.

Q11. [284675] **Mr. Lindsay Hoyle** (Chorley) (Lab): My right hon. and learned Friend will be aware that hard-pressed families and businesses alike are struggling to pay the price of fuel at the pump, which has gone up substantially. Will she look to have a conversation with the Prime Minister and the Chancellor to see if she can scrap, or at least defer, the 2p duty increase that is due in September?

Ms Harman: There is real concern about the increase in fuel prices—not only the cost of petrol at the pumps, but its effect on people in their homes and on businesses. We want to make sure that there is fairness, that people are protected from the price rises, that there is proper transparency and that help is available for those who struggle to make ends meet.

Q6. [284667] **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): More than 300 Members of Parliament have signed an early-day motion on Equitable Life, which seeks justice for Equitable Life policyholders. The vast majority of those MPs have joined the all-party group for justice for Equitable Life policyholders, which I chair. Unfortunately, Sir John Chadwick, who has been appointed by the Government to review the compensation scheme, refuses to come before us to interact with us, so will the right hon. and learned Lady use her good offices to ask him to reconsider in order for him to be accountable to us and through us to the British people?

Ms Harman: We all strongly believe that there should be justice for the Equitable Life policyholders who have fallen victim to mismanagement stretching back to the '80s and to a failure in the regulatory system for which the Government have apologised and recognised the need to set up ex gratia compensation. In order to establish how we should do that, following the ombudsman's report, we have asked Sir John Chadwick to report on making progress on setting up a framework for compensation. The then Chief Secretary to the Treasury gave a statement to the House and there have been debates on the matter in Westminster Hall. We will ensure that the House is updated. This is a very important issue and we will make sure that Equitable Life policyholders get justice.

Q7. [284668] **Dr. Alan Whitehead** (Southampton, Test) (Lab): May I welcome the plans and funding set out last week to enable local authorities to build 150,000 new council houses over the next 10 years? Does my right hon. and learned Friend have plans to ensure that those houses will be built to the highest sustainability standard and the highest possible level of the code for sustainable homes? Will she ensure that new local authority house building becomes an exemplar for sustainable and low-energy housing in this country?

Ms Harman: My hon. Friend is right: the new affordable home building taking place under "Building Britain's Future" is important not only because of the homes that it will provide and the jobs that will thereby be created, but because those homes will help to reduce carbon emissions and help the people who live in them to cut their fuel bills. The issues that my hon. Friend raises will be addressed in "Building Britain's Future"

Julia Goldsworthy (Falmouth and Camborne) (LD): In March, the Prime Minister told us to expect a statement on compensation for pleural plaque sufferers after Easter. After Easter, the Justice Secretary told us to expect a statement before the summer recess, which is two weeks away. May we be assured that there will be a statement in the next two weeks, rather than an announcement of further delay?

Ms Harman: We want to ensure that there is a statement about compensation for those who have developed pleural plaques. It is one of the many vicious respiratory diseases—which can be terminal—that come on people purely because of the work that they have undertaken. We want to ensure that those people receive proper compensation, and following the House of Lords judgment we must review the compensation system to make sure that it is fair to all.

Q8. [284669] **Mr. Ronnie Campbell** (Blyth Valley) (Lab): Like the hon. Member for Falmouth and Camborne (Julia Goldsworthy), I am very disappointed—as are many of my colleagues—that there is no compensation scheme for pleural plaque victims. The Scottish Parliament is on the verge of introducing such a scheme. Will my right hon. and learned Friend drag the Justice Secretary to the Dispatch Box so that he can make a statement about the English and Welsh victims of pleural plaques?

Ms Harman: My hon. Friend and other Labour Members have made their position absolutely clear. They think this is a question of fundamental justice, they want the Government to get on with it, and we must heed what has been said.

Q12. [284676] **Richard Ottaway** (Croydon, South) (Con): At Prime Minister's Question Time about a year ago, I reminded the Prime Minister that no Labour Government had left office with unemployment lower than when they had entered it. His response was that it would not happen on his watch. Do the Government still hold that view?

Ms Harman: I think that no Labour Government have faced the global economic crisis from which this Government are ensuring that the country will emerge, and I think that no Labour Government have done more to protect people from unemployment. If the hon. Gentleman is concerned about unemployment, why does he not back the public sector investment that would create jobs, and why does he not back the investment in jobcentres on which we are taking action and which his party would cut?

Q9. [284671] **Hugh Bayley** (City of York) (Lab): York has such a severe shortage of affordable housing that many young people are being priced out of their own city. I welcome the Prime Minister's announcement last week of an extra £1.5 billion for affordable and energy-efficient homes, but will my right hon. and learned Friend ask representatives of the Homes and Communities Agency to meet me, along with councillors from York, to discuss how the additional money could benefit our city?

Ms Harman: I will ask the head of the Homes and Communities Agency to meet York councillors and my hon. Friend.

Is it not telling that whereas both Liberal Democrat and Labour Members have called for more affordable house building, there has been total silence from the Conservatives? That is because not only would they not put in the extra investment, but they would cut the existing investment that is so sorely needed. I assure all Members that we will take the necessary action to ensure that there is more affordable housing.

Reforming Financial Markets

12.33 pm

The Chancellor of the Exchequer (Mr. Alistair Darling): With permission, I shall make a statement on the Government's proposals for reforming financial markets. Copies of our proposals are contained in a document that is available in the Vote Office.

The world economy has been hit by a severe financial crisis, which has resulted in the worst economic downturn for well over 60 years. Its origins lie in failures in the banking system around the world. Financial institutions in many countries simply took on too much risk. They became over-reliant on wholesale funding and too exposed to particular products, and irresponsible pay practices made banks take unnecessary risks.

It is also clear that some financial institutions appeared to have little appreciation of what was going on inside their own businesses. However, regulators and Governments too must learn from the events of the last two years, and understand better the risks that come from rapid globalisation in the financial system.

Our economy has a clear need for well-managed, well-functioning banks and financial institutions to perform a vital set of functions, channelling investment and helping people to save and plan for the future. The financial services industry is also a major employer in this country—of over 1 million people—and it will continue to generate wealth for our country in the future.

Our central objective must be to ensure that, as we come through the downturn, we reform and strengthen our financial system and rebuild it for the future, with consumers who are better informed, financial institutions that are better managed, and markets that are better regulated. The proposals that I will set out today build on our previous reforms to provide a new settlement that is open, competitive and effective and able to meet the needs of both business and families; that inspires trust and confidence on the part of businesses and consumers; that ensures robust regulation that reduces the likelihood of failures without preventing innovation; and that provides effective mechanisms for dealing with the failure of financial institutions should they occur.

I want to take steps to help consumers make better informed choices. To ensure that they are given access to free impartial financial advice, we will legislate to introduce a national money guidance service and impose a levy on the financial sector to help fund it. We will also legislate to consolidate Financial Services Authority resources to provide separate independent consumer education, setting up a lead provider of consumer information and personal finance education. Consumers will also get more protection, along with a greater right of redress and access to compensation if things go wrong. We will also improve arrangements for depositor protection, including legislation to pre-fund and expand the role of the Financial Services Compensation Scheme.

Because of the events of the past two years, there are fewer firms in the market providing financial services. It is essential that we retain competitive markets, as they play a key role in providing consumers with value and choice. We want to see greater competition and greater choice for consumers, as well as a bigger role for mutuals and building societies, so the Office of Fair Trading and the FSA will ensure that we maintain competition in the market for financial services. As we come out of this downturn, we need to promote a competitive market that enables new entrants—which may include non-banking institutions—and innovation to benefit consumers and businesses. In that way, we will see better informed consumers who have greater choices in a more competitive market.

We also need banks and financial institutions that are better managed. We need a change of culture in the banks and their boardrooms, with pay practices that are focused on long-term stability, not short-term profit. The FSA now has powers to penalise banks if their pay policies create unnecessary risk and are not focused on the long-term strength of their institutions. From now on, I will require the FSA to report every year on how financial institutions are complying with their new code of practice for remuneration, and how it will deal with firms that do not comply.

Bank boards and institutional investors must also become better equipped to do the job and understand their businesses, with more effective risk management and greater independence of non-executives, who must not be afraid to ask searching questions. Next week, Sir David Walker will report on measures that will deliver improved corporate governance at financial institutions, ahead of his final report in the autumn.

Building on reforms already made, my proposals today will strengthen regulation of the financial system. They will cover three areas: first, new regulatory powers to allow tougher regulation of individual firms; secondly, measures to deal with the potential failure of institutions that could have a significant impact on the economy; and thirdly, a strengthened framework for financial stability to deal with system-wide risks in today's more complex and global markets. We will continue to work with other countries to deal with what is, at heart, a global problem.

I asked Lord Turner to make recommendations, which the FSA is now implementing, to strengthen the regulatory regime and increase the intensity of supervision. They will strengthen the rules to ensure that banks hold enough capital as a buffer against losses, to introduce a back-stop power ensuring that banks do not over-extend themselves by lending too much when they do not have the strength to do so, and to increase the focus on bank liquidity so that they are able to carry out their business at all times. Those measures will help ensure that financial firms are stronger, more resilient, and better able to serve the needs of our economy.

I will also introduce legislation in the autumn to give the FSA a new statutory objective for financial stability, and extend its powers to ensure that it has the appropriate rules to deal with different risks in individual banks, and tougher powers and penalties against misconduct, and that it can take account of new developments in the financial sector—including expanding regulation where necessary, for example for systemically important hedge funds.

We need to ensure our resolution regime can deal with financial institutions of all sizes, including banks that are very large or complex. As these banks are often global, we also need an international mechanism for resolving large multinational banks, and we will bring forward proposals to G20 Finance Ministers when they meet in London in the autumn.

[Mr. Alistair Darling]

At home, we can better deal with risks by ensuring that safeguards are in place—for example, by making banks hold capital at a higher level that reflects not only the possibility of failure, but its cost. By introducing higher standards and transparency, the FSA can also improve the functioning of key markets, such as the derivatives markets, so that problems in one institution are less likely to spread through the entire system. The FSA and the Bank of England will make institutions put in place practical resolution plans that can be deployed in the event that they get into difficulties.

There is, of course, a debate to be had about whether Governments should restrict the size of banks or separate different types of banking, as happened in the United States in the 1930s. I believe that that is a simplistic solution, which fails to take into account the complexity of today's financial system. Small banks as well as large banks can threaten financial stability, as in the case of Northern Rock. Equally, both retail and investment banks, in different parts of the world, have failed in the past year, and it is not only banks that can affect stability, as we saw in the example of the American insurance company AIG. In addition, the approach of one regulator for one category of institution deemed to be systemically important and another regulator for the rest seems to me to miss the point, because what is systemically important can change rapidly, as we have seen in the past two years. Instead, the regulatory system has to recognise and respond to the complexities of individual institutions, and that is what we are doing.

We also need to strengthen the framework for financial stability. That is a question not only of institutional powers and responsibility, but of better understanding what is happening in the markets. No simple fixes—no institutional reform—could have prevented these problems from occurring. There are different institutional frameworks in countries across the world, but no one model has been successful in insulating a country from the current crisis. Although regulatory arrangements were not the cause of the current problems, we need the right institutions to maintain financial stability and we must ensure that they have the right tools to do the job.

The move in this country to a single regulator 12 years ago addressed problems with the previous regime of multiple self-regulators, which did not reflect the changing nature of financial markets, and our approach has been adopted by many other countries. However, 10 years on, the world had moved on again; some of the global problems of the past two years went beyond the scope of existing regulation, while others were simply not given sufficient attention by regulators and central banks. In this country, the authorities have been able, over the past year, to deal quickly and effectively with a number of financial stability issues, such as those relating to the Dunfermline building society and Bradford & Bingley, but further reform is now needed.

We will therefore legislate to set up a new council for financial stability, which will bring together the Bank of England, the FSA and the Treasury. It will not only deal with immediate issues, but will monitor system-wide financial stability and respond to long-term risks as they emerge. That needs to be done on a formal statutory basis. The council will draw on the expertise of the FSA and the Bank, which are and will remain independent of Government, by looking at their regular reports—the financial stability report and the financial risk outlook—and formally responding to their recommendations. In that way, when risks or threats to stability are identified they will be addressed. This body will do that in a way that is transparent and accountable—so that people can see how and why decisions are made—with the regular publication of minutes. The council's responsibilities will be set out in law, with published terms of reference. In discussion with the Treasury Committee and the House, we will consider how to increase accountability through greater parliamentary scrutiny.

We have already taken significant steps to improve the way in which we monitor and manage risks to the financial system as a whole, through more systematic use of stress testing of financial institutions, for example. The proposals that I am making today will further strengthen our ability to identify and deal with systemic risks, and will ensure that the authorities can be held to account for their actions. We also need to consider what further counter-cyclical measures are needed, in order to allow us to lean against the credit cycle and prevent the build-up of risks that could threaten the stability of the financial system. The principle of leaning against the cycle is easy to agree, but deciding what action to take and when to take it is far more complex. At the moment, there is no clear consensus here or abroad, but I believe that central banks will have an important role to play in that area.

Today's global market for finance means that new measures can be effective only if they are implemented on a broad international basis, so under our presidency of the G20 we will continue to press for measures to strengthen the international regulatory architecture, building on the proposals agreed in April. In Europe, too, we will argue for enhanced monitoring of system-wide risks, while retaining the crucial link between national regulators and Governments. By working internationally, our efforts can help us deliver more effective supervision of global banks, stronger international standards, and a more responsible global financial services sector.

We intervened to stabilise the banking system, while retaining a clear view that banks are best managed and owned commercially and not by the Government. We intend to return our stakes in the banks to the private sector, in a way that brings best value to the taxpayer, promotes competition and maintains stability, and we will use the proceeds to cut Government debt. We are empowering consumers, supporting better corporate governance and strengthening regulation, so that our financial sector can continue to be an engine of prosperity. I commend this statement to the House.

Mr. George Osborne (Tatton) (Con): I thank the Chancellor for his statement, although frankly almost all of it was splashed over the front pages of today's newspapers. Once again, Parliament comes last, instead of coming first.

Of course, there are some elements of the White Paper that we welcome: the improved consumer advice; David Walker's report on corporate governance, to which we look forward; a much better resolution regime for failed banks, which is clearly necessary; and the Chancellor's remarks on pay and bonuses, although he could have set a better example with the pay and bonus package for the chief executive of RBS.

However, in most part, this White Paper is a totally inadequate response to what has happened over the last two years.

For a start, the White Paper contains no serious analysis of what went wrong. I received a copy of it only 20 minutes ago, during Prime Minister's questions, but the only admission that I can see of any responsibility for what happened is the sentence that states that

"the crisis has shown that aspects of prudential and macro-prudential supervision...were insufficient."

That is the understatement of the century, given that half the British banking system has had to be nationalised. It also ducks every difficult question that needs to be addressed if we are to protect our society and our economy from a repeat of the mistakes that have caused such trouble. How do we replace the failed tripartite regime? What tools do we need to stop the excessive debt levels that did so much damage to our economy? How do we ensure that we have a banking system that competes across the world, and offers families and small businesses in this country the services that they are currently denied in this credit crunch, without the British taxpayer picking up the bill for the mistakes that are made? None of those difficult questions is properly addressed today; every single one is left to the next Government to deal with. It is more of a white flag than a White Paper—a complete surrender of this Government's responsibility to fix the system for regulating the City that they created and which so spectacularly failed.

Let me press the Chancellor on some specifics on the conduct and content of regulation. First, on the tripartite regime, he must see how dysfunctional it has become. Institutional jealousies and blurred lines of responsibility mean that everyone gets involved but no one is in charge. Let us remember where this all began—with the arrogant decision from the new Chancellor in 1997, without warning or consultation, and in the teeth of the opposition of the late Eddie George, to remove banking supervision from the Bank of England. My right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), the then Shadow Chancellor, warned from this Dispatch Box that it would leave no one responsible for the liquidity of the banking system or to guard against systemic collapse. Sadly, that prophecy turned out to be all too true. No one was responsible for liquidity. No one was looking at systemic risk. Even the FSA itself admits that it took its eye off prudential supervision. When the crunch came over Northern Rock, no one knew who was in charge. Almost two years later, we still do not know who is in charge. The Chancellor should have come here today to bury the tripartite system, not to praise it. The only thing that stops him is the vanity of the Prime Minister who refuses to admit that he made such a fundamental mistake.

The same applies to the content of regulation. The first half of Lord Turner's report contains the most damning critique of what went wrong with this Government's economic policy. He points to the "major and continued macro-imbalances" in the British economy. He says that the failure to spot this was

"one of the crucial failures of the years running up to the financial crisis",

and he says that the

"vital activity of macro-prudential analysis...fell between two stools".

What does this White Paper propose to do with that vital activity in future? It puts it between two stools again. After two years of thinking in the Treasury—wait for it—we are going to have a council on financial stability that will bring together the Treasury, the Bank of England and the FSA. I thought that that was what the tripartite regime was supposed to be about all along. We do not need another divided committee. We do not want more divided responsibilities. We need clear lines of accountability that run all the way to Threadneedle street. They do not exist at present.

Instead of clarity, what we get from the Government is confusion. The Governor of the Bank of England appeared before the Select Committee on the Treasury two weeks ago, and he said:

"We were given a statutory responsibility for financial stability in the Banking Act, and the question...to which I have not really received any adequate answer from anywhere, was: what exactly is it that people expect the Bank of England to do?"

We are none the wiser after this White Paper. Perhaps it would have helped if the Chancellor had shown the White Paper in draft to the Governor of the Bank of England two or three weeks ago instead of in recent days.

Is it not absolutely clear that the Bank of England now has to be given not just the responsibility but the tools for macro-prudential regulation? Can the Chancellor confirm that there is not a single new power for the Bank of England in the White Paper? The Bank of England should have the power to call time on debt, as we suggested almost a year ago; it should be able to set counter-cyclical capital rules in conjunction with other countries—and, by the way, that would be a much better use of international co-operation than the current proposals from the European Commission, which are ill conceived and damaging to the UK—and it should have the statutory powers to intervene when the structure of a financial institution threatens the whole economy, so that, in the Governor's words, it can force its "sermons" to be listened to.

The Bank of England cannot do any of those things unless it has the experience and knowledge of their day-to-day regulation. Let me make it clear to the Chancellor today that the next Conservative Government will abolish the tripartite system, and let me tell Parliament first—unlike his policy—that we will put the Bank of England in charge of the prudential supervision of our banks, our building societies and our other significant financial institutions. We have learned from this crisis the old truth that one cannot separate central banking from the supervision of the financial system and that sound regulation is not just about a checklist of rules but about the authority to exercise judgment and to see the bigger picture.

Sitting alongside a stronger Bank of England we will have a powerful regulator to protect consumers—a regulator with the clout and focus not just to add more health warnings alongside the acres of small print that already come with financial products but to stamp out unfair practices such as mis-sold payment protection insurance and excessive bank charges. We will set out the details of that in our own alternative White Paper later this month. Will not the choice be clear then?

We have today a submission from the Labour party, which will be implemented in full only if it is re-elected, and proposals from the Conservative party. The Labour

[Mr. George Osborne]

party wants to stick with the financial system that failed us, which it created. We propose to overhaul that system and put the Bank of England in charge. People will know at the next election that if they want to change the way in which the City and our banks are regulated, they need to change their Government.

Mr. Darling: The hon. Gentleman seems to be trying to reduce this debate to a football match between the Bank of England and the FSA. It is not a matter of which institutions do what. It is about ensuring that the regulatory system delivers on making sure that it has tougher regulation. The hon. Gentleman argues that the Bank of England should take over the prudential supervision and regulation of what he calls important banks, building societies and insurance companies. That is not a power that the bank is seeking at the moment, but he is entitled to hold that view. I have said on many occasions that we can argue about where to draw the line as to who does supervision of banks, who does supervision of building societies and who does consumer protection, but the key issue is ensuring that regulators can do their jobs properly, that they have the tools to do their jobs and, crucially, that they bring to bear the right judgments whenever problems arise.

The hon. Gentleman will recall that, 10 years ago, one of the reasons why we ended self-regulation was that, quite simply, it did not work. He will recall, too, that in the past there had been criticism of the Bank's regulation of BCCI and Barings. The fact that there have been mistakes in institutions is not a good reason for saying that we have to tear everything up. I believe that we should build on the strengths of the system that we have. It does not matter where we draw the line—when it comes to a crisis and to identifying problems in the future, we will need the Bank, the FSA and, because a cost will inevitably be involved, the Treasury at the same table.

I believe that the present system of co-ordination between the Bank, the FSA and the Government needs to be strengthened, reformed and put on a proper basis. Why do I say that? When the Bank of England next warns that there is a risk building up or that perhaps there is too much credit flowing, someone needs to react to it and to do something about it. That is why we have to have both the Bank and the FSA at the same table. That is why I believe that the arrangements between the three institutions need to be strengthened and that is why I am making these proposals.

I do not believe that what the hon. Gentleman is proposing—that one can somehow say that some institutions are systemic and some are not—would work. For example, three years ago people would not have argued that Bradford & Bingley, Northern Rock or the Dunfermline building society would have been of systemic importance to this country. However, the truth is that when they got into difficulties they were systemic. That was why we had to do something about them to stop the problems from spreading wider. I do not believe that the divisions that the hon. Gentleman is proposing are workable. I believe that the measures that we have at the moment need to be strengthened and improved to ensure that in future, when these warnings are seen, they can be dealt with and the people who are charged with the responsibility can be held to account.

I agree with the hon. Gentleman that this has international implications—I am grateful to him for recognising that—particularly if one wants to dampen down the availability of credit. In today's globalised market, we cannot do that in one country alone. We need an international agreement and to ensure that people are working in the same way, and that is why international co-operation is very important.

Finally, I am very sorry that the hon. Gentleman did not get the document on time. I can assure him that I saw a man with both the document and the statement leave the Treasury shortly before half-past 11 this morning. I have no idea how the hon. Gentleman got the statement and not the document.

Dr. Vincent Cable (Twickenham) (LD): I acknowledge that there are many things in the paper that can be welcomed—which, indeed, we have advocated in the past—but their implementation has a timeless quality, as if we are on a kind of progression from White Paper to Green Paper to blank paper. Almost all of the important recommendations would happen after the next general election. I know that a couple of weeks ago the Chancellor was advocating that banks prepare living wills; one rather gets the feeling that this is a living will for the Chancellor.

Having advocated macro-prudential regulation of bank reserves for five years or so, I very much welcome the Government's embracing it. Surely it must be right, however, that in anything that requires an understanding of the overall economy the Bank of England must have a central role—not a unique role, but a central position. That is not clear from the statement.

I welcome, too, the strengthening of consumer protection. We have at last got to the idea of generic independent advice, but it has taken 10 years of campaigning by Citizens Advice and others to get there. I am not clear, however, about how the Government continue to preserve a fragmented system of consumer protection with responsibilities confusingly divided between the FSA and the Office of Fair Trading. Will that be clarified?

I welcome, too, the emphasis on competition. However, does the Chancellor buy the argument of the European Commissioner, Neelie Kroes, who said that, if we are to have real competition in British banking, banks must be broken up and subdivided, and in particular the Lloyds-HBOS merger might have to be unscrambled? Does the Chancellor agree?

The big issue, as the Chancellor rightly emphasised, is the major question about the banks that are too big to fail, too big to supervise and too big for the taxpayer to underwrite. He correctly said that small banks as well as big banks can go wrong—that is absolutely right—but is there not a fundamental problem that when very large interconnected banks try to be the biggest investment bank in the world, the exposure to the British taxpayer is then wholly unacceptable? Therefore, these banks have to be subdivided for that reason.

The Chancellor is looking over the distant horizon at necessary reforms, but may I suggest to him that key problems exist today? The publicly owned banks are not responding to the borrowing needs of sound British companies, and the bonus culture is being reinstated in publicly owned banks that are owned by the taxpayer. There is a complete lack of direction, and I suspect that

a central reason for that is that the Government are so desperate to get the publicly owned banks back into the private sector quickly that too little attention is being given to defining the public interest.

I suspect that the White Paper will be received in the City with a great sigh of relief. It is yet another indication that we are getting back to business as usual.

Mr. Darling: On the last point, I think that most hon. Members agree that we need to toughen up the regulatory system significantly. We need to make changes, but we must not lose sight of the fact that this is an industry that employs over 1 million people in this country, more than half of them outside the south-east of England. It is important that we do not give the impression that we would rather be shot of it, because it is quite important. In the past nine years, it has contributed more than £250 billion in tax revenues—quite a useful sum. When it recovers, I hope that it will continue to make a contribution in the future.

The hon. Gentleman asked about selling. If he looks at the White Paper he will see that we make it clear that we will sell when we think that the time is appropriate. We do not have an artificial time scale and we are not under any pressure to sell, but it will not have escaped his notice that just at the moment the shares in the two banks that we own are worth slightly less than we paid for them. He therefore need have no fear of being confronted with a quick sale: we will do what is right to achieve the best value for the taxpayer.

On lending, I agree with the hon. Gentleman that it is important to try to get credit flowing in the economy again. That is a key part of what we are doing. Mortgage lending and the availability of lending for mortgages have increased but more needs to be done in certain sectors of business lending, such as to small and medium-sized enterprises, and especially to the medium-sized ones. For example, I welcome today's announcement by Prudential of a fund worth £1.5 billion specifically geared to medium-sized companies. That is an example of a non-bank bringing together pension funds, local authorities and its own funds to make money directly available to medium-sized firms, and it is a useful step in the right direction.

The hon. Gentleman made some broader points, and one of them had to do with the "too big to fail" argument. I understand where he is coming from, but I said in my statement that we must take into account the cost to the taxpayer as well as the wider effects of failure, and that we must regulate accordingly. However, there is a flaw in his argument—I heard him being asked about this on the "Today" programme at 10 past 7—and it is that he seems to back off from the consequences of telling a large bank that it is too big. In response to that, the bank might say, "We're too big, so we'll go somewhere else." Alternatively, dividing such a bank into lots of different companies, as was the case with Lehman Brothers, does not solve the problem. When Lehman Brothers went down, the whole shooting match went down, not just one aspect of it.

The hon. Gentleman made a wider point about macro-prudential supervision. In my statement, I said that given what central banks do, and what the Bank of England in particular does, I anticipated that such supervision would have a wider role, as we work through the present circumstances. The Bank of England is the obvious place for it, but I come back to the point that I made to the shadow Chancellor: wherever the lines of responsibility are drawn, we need a regulator who is able to look at the wider prudential supervision of the system, and the wider financial stability. We also need a regulator who will drill down to the nuts and bolts of every single company.

Whether people like it or not, there is no country in the world whose treasury does not have to be at the table. We know all to clearly that either the law has to be changed or there is a fiscal cost, so three people have to sit around the table regardless of how the regulatory cake is divided. That is something that the shadow Chancellor will not face up to.

Several hon. Members *rose—*

Mr. Speaker: Order. There are 23 Members seeking to catch my eye and, as ever, I would like to accommodate as many as I can. However, I am looking to each right hon. or hon. Member to ask one brief supplementary question—and of course to the Chancellor of the Exchequer to provide an economical reply.

John McFall (West Dunbartonshire) (Lab/Co-op): The Treasury Committee has made a detailed examination of the banking crisis. It found nothing wrong with the architecture of the tripartite authority, but a lot wrong with the warnings given by the Bank of England and the FSA, which were too weak. I therefore welcome and the establishment of the proposed council for financial stability. We need it to have strength and grit, and I am looking for reassurance from the Chancellor in that regard.

At the core of the matter is the restoration of trust and confidence. Will my right hon. Friend support the establishment of a banking commission, with a membership of lay people and not those representing narrow City interests? That would ensure that the future of the financial sector served the wider needs of society and individuals, and not just the City's narrow needs.

Mr. Darling: I am grateful to my right hon. Friend for his comments. I believe that the reforms that we are making to the relationship between the FSA, the Bank of England and the Treasury will make it much better. The relationship will be on a formal footing, with people able to see exactly what has been discussed and decided. When later questions arise about what happened in response to a particular warning or a concern that has been expressed, people will be able to see what was done. I think that that will make a big difference.

I agree with my right hon. Friend's general point about ensuring that banking serves the wider community because, after all, financial services are a means to an end. Those wider questions need to be addressed, and I know that the Treasury Committee has looked at them. That is something that I would support.

Mr. Michael Fallon (Sevenoaks) (Con): The Chancellor seems to have trebled the confusion over responsibility for financial stability by spreading it between the Bank of England, the FSA and the new council for financial stability. Will he explain what powers the new council will have? Page 138 of the White Paper seems to give it three new statutory duties just to discuss risk.

Mr. Darling: The Bank of England has a statutory duty in relation to financial stability as well as monetary policy. The hon. Gentleman will know that the Banking Act 2009 gave it powers to deal with a bank that has failed. The FSA deals with the individual supervision of banks, and I announced today that it can now have different rules for different individual banks. That is quite an important change, especially with regard to the matters raised by the Liberal Democrat spokesman, the hon. Member for Twickenham (Dr. Cable). We have one body looking at the overall system, and one looking at the particular. They need to work together and, as I said, whether one likes it or not, the Treasury needs to be at the table because of the fiscal consequences of any action that might have to be taken.

The hon. Gentleman asks who is responsible for doing what, but that depends on what is required. It is obviously for the Bank of England to act on monetary policy, for the Treasury to act on fiscal policy, and for the FSA to deal with an individual regulatory requirement.

Ms Sally Keeble (Northampton, North) (Lab): I particularly welcome the proposals for stronger consumer protection, with an improved advice service and a stronger Financial Services Compensation Scheme. The FSCS has been the one organisation to come out of the crisis with real credit after a good performance. How does my right hon. Friend intend to strengthen it?

Mr. Darling: We need to arrange that the FSCS is pre-funded. We say in the White Paper that that cannot be done immediately, and certainly not at the present time when so much is at stake. It will be better in the long term, however, if the FSCS is pre-funded, as then it will have money in the event that something goes wrong.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Does the Chancellor recognise that the City of London has become the financial capital of the world—to the immense benefit of this country—partly because we have always had a system of prudential supervision that was strong, flexible, unified and not rigidly bureaucratic? As my hon. Friend the shadow Chancellor pointed out—and as was predicted by those on the Conservative Benches at the time—that was undermined by the tripartite system. Why, then, is the right hon. Gentleman handing power over to countries with financial systems that have been less successful than ours? Most of our partners on the continent have much more rigidly bureaucratic regulation of their financial systems. Is it not wrong to hand ultimate power over our system to them?

Mr. Darling: As a general principle, I agree with the right hon. Gentleman's last point. His thesis falls down, however, when one realises that the City of London's reputation and size as a world financial centre have grown over the past 10 years, so his argument that it all somehow went wrong in 1997 does not seem to add up.

Where I probably do disagree with the right hon. Gentleman is that, although I believe that the relationship between national regulators and Governments is very important, we are talking about a global crisis. Part of the problem is that banks that trade across the world have got into trouble, and that needs more international co-operation. It also means that we need to work with Europe, and that is where the Conservative party is making a huge mistake. If it gets into bed with some weird and odd people in Europe, it will have no influence whatsoever over issues that do matter to the City of London.

Rob Marris (Wolverhampton, South-West) (Lab): The Canadian banking system is pretty solid, with very large banks that are not divided between the retail and investment sectors. Canada has fewer banking regulations than the UK or USA, yet no Canadian bank has failed or been bailed out. Will my right hon. Friend say what lessons he has learned from the stability of the Canadian banking system?

Mr. Darling: Over the years Canada has, in many ways, followed the model that we have been moving to, trying to streamline the regulatory system. I remind the House that 10 years ago there were eight or nine different regulators—self-regulating bodies—and also that the Bank of England never, ever regulated all financial institutions. It was frequently the case that a bank would be regulated by three or four different institutions. That made no sense whatsoever and the Canadians recognised that. Everyone should reflect on that.

Sir Peter Viggers (Gosport) (Con): Does the Chancellor agree that there are two distinct roles to be carried out, one being the detailed supervision of the rules, best carried out by the FSA, and the other the overall financial strategic control of banks? If the latter role is to be carried out by the Bank of England, will he ensure that the Bank is properly resourced?

Mr. Darling: I entirely agree. The hon. Gentleman has put very briefly the point that I was putting to the hon. Member for Sevenoaks (Mr. Fallon). Yes, of course the Bank needs to be resourced to do the job.

Mr. Gordon Prentice (Pendle) (Lab): Sir Fred Goodwin famously did not have a recognised banking qualification. Should chief executives be expected to have one?

Mr. Darling: The FSA has a responsibility to make sure that people who are charged with running banks are qualified to do so. That was recognised by Lord Adair Turner's report.

Mr. Andrew Tyrie (Chichester) (Con): A moment ago the Chancellor said—I pretty much quote—"I expect the Bank to have a wider role in all this." Only a few days ago the Governor came before the Treasury Committee and said that he had not been consulted at all about the White Paper or even seen a draft. When did the Chancellor first show a draft of the document to the Governor of the Bank, and why did he not consult him fully earlier?

Mr. Darling: I have had many discussions with the Governor of the Bank over the past couple of years about these things, and I will have many discussions with him in advance of the preparation of the White Paper. In particular, I have talked to him about the role of the Bank. If we further develop the powers that may be necessary to lean against credit cycles, I have made it clear that the Bank of England is the obvious place to go. However, the point that I was making is that currently the power to increase or reduce capital requirements,

which is the most obvious brake one could put on financial institutions, lies with the FSA. I do not want to end up with a situation in which banks do not know whether the FSA governs their capital requirements, or the Bank of England does. The Bank does not want to regulate individual banking institutions and so on. People can hold different views about that, but I want to make sure there is a clear delineation of who is responsible for what, so that we can better hold people to account for what they do.

Gordon Banks (Ochil and South Perthshire) (Lab): With the international implications of the current marketplace, can the Chancellor tell us what discussions he had with international partners before arriving at the content of his statement today?

Mr. Darling: I have, of course, spoken to all my counterparts on several occasions since these problems first arose at the end of 2007. It is interesting that most countries have more regulators than we do. Most of them are trying to streamline the regulatory system—in the United States, for example. Not everybody's financial industry is in the same position or made up in the same way. What I think the industry and the public want is to make sure that we have a system that is coherent and that works. Above all, we must not lose sight of the fact that no matter what institution and no matter what rules, much of this is ultimately about individual judgment—making the right calls at the right time. That is the problem that occurred in the lead-up to the current situation and that is what we must get right.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): At the beginning of his statement the Chancellor mentioned the importance of competition. Does he accept that the shotgun marriage that he oversaw of Lloyds with HBOS was bad for competition, as well as proving to be a bad deal for both the shareholders and the taxpayer? Will he now do the honourable thing and oversee an amicable divorce?

Mr. Darling: The shareholders of both Lloyds and HBOS voted overwhelmingly, separately, for the merger to take place. The process took about three months. I do not know how the hon. Gentleman describes "shotgun", or whether he would regard a three-month engagement as being sufficient, but both parties were willing participants in the act and the shareholders of both voted to go along with it.

Andrew Miller (Ellesmere Port and Neston) (Lab): Although there is no direct read-across to other sectors outside financial services, will my right hon. Friend bring his report to the attention of other regulators? It is important that lessons about systemic failure are learned where appropriate, and the FSA can learn from other regulators about how they have done things—for example, setting up better consumer panels.

Mr. Darling: I know that regulators speak to each other where they have common interests or concerns, and I am sure they will do that. I have said specifically in the White Paper that the FSA and the OFT will work closely together in order to ensure that as we come through the downturn, we have a competitive banking system. Especially after the consolidation of foreign banks, it is important that we have choice and competition in the future.

Mr. Graham Brady (Altrincham and Sale, West) (Con): The remuneration package agreed for Mr. Stephen Hester at RBS is weighted towards the long term and has clawback provisions in the bonus. Is the Chancellor happy that that is an acceptable package, which reflects the kind of long-term measures for remuneration that he said should be put in place, or does he believe that that specific example would lead to different capital requirements?

Mr. Darling: I am not against bonuses—I meant to take the point up with the hon. Member for Twickenham—in whatever walk of life, if one can reward people for doing something special or for making an extra effort, particularly if it is designed to build the long-term strength of the bank. In the case of RBS, where there is a new management running a bank with a balance sheet that is almost the size of this country's wealth—on one view, it is the largest bank in the world—it is important that there is an incentive to help taxpayers get their money back.

The hon. Gentleman asks about penalising. It will be for the FSA to look at each case to ensure that there is a bonus structure or a reward structure generally, not just at the top, but throughout the entire system, that it is built for the long term, and that there is clawback—all the conditions that we set out—otherwise it will visit the appropriate penalties. People in banks must be focused on building their banks for the long term, otherwise we will be back exactly where we started.

Ann Clwyd (Cynon Valley) (Lab): I welcome the White Paper, particularly the points made by my right hon. Friend about changing the financial culture of banks. It sounds, therefore, as though he might like to incorporate in future legislation an excellent Bill restricting the pensions of board members of banks that are wholly or partly owned by the taxpayer. Will he consider the matter?

Mr. Darling: I know that my right hon. Friend had a Bill before the House, which she discussed with me. It is important that all parts of the remuneration—pay, bonuses or pensions—are based on reality and what is reasonable, and that they are geared all the time towards helping the bank or similar institution build for the long term, and do not leave it prone to taking short-term risks, which can prove so disastrous.

Sir Peter Tapsell (Louth and Horncastle) (Con): May I remind the right hon. Gentleman that on 11 November 1997 I explained to the then Chancellor over eight columns of *Hansard* why the tripartite regulation of the banks would not work? May I warn the current Chancellor, with more brevity, that his proposals will not work either? May I modestly suggest that he look at my speech before proceeding to legislation?

Mr. Darling: I will bear that in mind for my holiday reading over the summer. I have the vaguest recollection that I may have looked into the Chamber in the course of one of those columns and looked back out again. I remember those debates quite well.

[Mr. Darling]

As the hon. Gentleman knows, the problem that we had 10 years ago was that the Bank of England never regulated all aspects of financial services. It regulated the banks, but throughout the 1990s it was obvious that many banks had many other interests, such as insurance, that were regulated by other bodies. Such duplication and complication did no one any good. Indeed, the entire self-regulatory regime was pretty discredited by the mid-1990s. As I said to the shadow Chancellor, we can argue for ever and a day about where we draw the line. When the bank or the FSA is doing something, what matters, as the hon. Member for Gosport (Sir Peter Viggers) put it so succinctly, is that a distinction is made between the general supervision of the system, the financial stability, and an organisation that says to each individual, "This is what you should be doing", drilling down into the nuts and bolts of it. The structure that we have is right. It needs to be strengthened and built on, and that is why I make my proposals today.

Mark Durkan (Foyle) (SDLP): Chapter 9 of "Reforming financial markets" touches on the future regulation of credit unions in Northern Ireland. Does the Chancellor accept that for change to work, the FSA will have to have a strong and active regional interface, which we have not had before? Does he accept that that applies equally to the wider banking market in Northern Ireland, which has very different features from the banking market on this island? If the future arrangements for industrial and provident societies are to work, can we afford to leave the savers of the Presbyterian Mutual Society as casualties by the wayside?

Mr. Darling: I am aware of the problems relating to that society, and arrangements are being made to examine what happened and what might be done, but we have to be aware of the implications that there might be for institutions in other parts of the UK.

Mr. Desmond Swayne (New Forest, West) (Con): Does the Chancellor agree with the Governor of the Bank of England's assessment that it was not clear how the Bank would discharge its new responsibilities if it could not go beyond issuing sermons? Or did the Governor say that simply because the Chancellor had not shown him a copy of the paper that he brought to the House today?

Mr. Darling: The proposals that I put before the House today mean that when the Bank sounds a warning or expresses concern through its financial stability report, there is now a mechanism to make sure that those recommendations do not just lie on a shelf, but have to be addressed and dealt with. That is a major step forward.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): As two of the main causes of the economic breakdown and the credit crunch were the mass-proliferation of toxic credit derivatives and the gross recklessness of the investment arms of the banks, does my right hon. Friend not think it necessary to prohibit, or at least require official approval of, potentially risky derivatives? Given the eye-watering cost of bailing out the banks, how can he justify continuing to give state underpinning to the casino investment banks, rather than limiting that underpinning to the traditional commercial banks?

Mr. Darling: On the latter point, the answer is quite simply that investment banks are systemically important, as we have seen in this country and in America. As we saw in America prior to the banking collapse in October, simply letting them go has potentially disastrous consequences. Indeed, it was the collapse of some of those American banks that immediately precipitated the problems. On the wider point, banks need to be properly regulated, but if my right hon. Friend is getting to a point where he can say that there should be some sort of veto from the regulators, I would say to him that that might be more difficult. It is better to have a system that regulates risk within institutions, rather than one that is wider than that.

Dr. William McCrea (South Antrim) (DUP): I have no doubt that the measures that the Chancellor announced today are worthy of our careful consideration, but the bottom line in reality for many of our constituents is that medium and small businesses are still not gaining the help that is necessary to make them sustainable and profitable. Will the measures assist in getting money to where it is needed?

Mr. Darling: The need to get lending going—particularly for small and medium-sized enterprises, but for others, too—is urgent. Measures are already in place to try to ensure that that happens. I know that concerns are being expressed in the different parts of the country and different sectors where that is not happening sufficiently. That is why I welcome the announcement today by Prudential that it intends to lend to medium-sized companies. The SME sector is of particular concern, simply because of its size and the number of people whom it employs, not just in Northern Ireland but in the rest of the country, too. We have to step up our efforts to make sure that we get that lending going.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): I apologise for missing the Chancellor's first few remarks in his statement. May I compliment him on resisting the seductive structural arguments coming from the Opposition parties, both with regard to splitting up the activities of banks and with regard to doing away with the tripartite system, a move recommended so strongly by the Opposition? Does he not share my surprise at the ease with which a few kind words from the Governor of the Bank of England have persuaded the shadow Chancellor to hand back to the Bank those responsibilities that it previously discharged with such abysmal incompetence, and more? Does the Chancellor not agree with me that the likely consequence of doing what the shadow Chancellor proposes will be that we end up with not just bad regulation, but probably a ruined monetary policy system, too?

Mr. Darling: I take the view that I have held consistently for the past 10 years. It was right to give the Bank independence to deal with monetary policy. That will stay; I do not think that anyone wants to reopen that decision. It is right, because of its responsibilities, that it should have a view on financial stability. When it comes to the whole question of macro-prudential supervision,

if one were to give more powers, the Bank would be the obvious place to go. I honestly do not see the advantages of saying that the Bank should also start to involve itself with the hundreds of different banks, building societies, insurance companies and other financial institutions, because all that that would do is simply move a large chunk of the Financial Services Authority into the Bank, and I do not think that that institutional change would benefit people at present. I would rather build on what we have, and identify the problems that we have.

I repeat a point that cannot be made often enough: institutions are important, and so are the tools to do the job, but at the end of the day, we are talking about a matter of judgment. Frankly, yes, the FSA got things wrong with Northern Rock, and the Bank of England, in the '80s and '90s, made mistakes of judgment. We have to concentrate on trying to make sure not only that we have the institutions and the tools, but that people understand what they are doing.

Angela Watkinson (Upminster) (Con): What caveats and terms and conditions did the Chancellor attach to the provision of the vast sums of public money that were used to bail out our failing banks? Did the banks comply, and if they did not, what sanctions did he put in place?

Mr. Darling: I am not sure whether the hon. Lady was present at the many debates and statements that we have had on that subject, but earlier this year, I set out at some length—I think on a number of occasions—the measures being put in place. The hon. Member for Louth and Horncastle (Sir Peter Tapsell), who recommended reading *Hansard* over the summer, has left the Chamber, but if I am to read his speech, she might want to look at some of mine.

Stewart Hosie (Dundee, East) (SNP): I thank the Chancellor for advance notice of the statement. I welcome the fact that he spoke of systemic risk, and the fact that there is a chapter in the document about derivatives markets. However, in essence, the four points are simply to call for an EU directive, to work towards "a roadmap delivering...improvements", to support "international efforts" and to support "the principle of greater transparency". When will we have real plans to deal with that aspect of systemic risk? When will the markets have access to proper pre-trade and post-trade information, and when will the markets have access to proper, secure pricing data? When will the analysts have all the information that they need properly to identify the risks that such products pose?

Mr. Darling: The hon. Gentleman makes a very fair point. We need an open, transparent market, so that people can see what is going on with their derivative products. We can fix some of those issues in this country, through FSA requirements, but some of them need European agreement because they are governed by directives, whether we like it or not. Given the relationship with the United States and the interrelationship with the markets, there are other wider international implications, too. However, on the general proposition that we ought to have more openness, so that people can see what is going on, and crucially so that perhaps some of the people running the banks know what is going on, the more that that happens, the better it will be.

Mr. David Heathcoat-Amory (Wells) (Con): On that point, there is an overriding need for clarity and certainty in financial regulation, so why are the Government apparently contemplating handing over many of the rule-making and supervisory functions to three new EU financial authorities, so that instead of a tripartite system at home, we have a new hexagonal system of financial regulation, with a bigger hole in the middle, less certainty, less accountability, and more confusion when things go wrong? Is that really what the Government intend?

Mr. Darling: No, but we need to recognise—I was going to say "whether the right hon. Gentleman likes it or not", but I know that he does not—that Europe and the European Union have some influence on the way in which financial markets operate, in relation to directives, capital ratios and so on. The point that I made to the right hon. Member for Hitchin and Harpenden (Mr. Lilley) was that the British Government have to work to fight for the British interest. That is why it is far better if one is able to work with the mainstream political parties, rather than people who are out to lunch.

Susan Kramer (Richmond Park) (LD): The Chancellor made no mention of the credit rating agencies, but they are the canaries of risk in the system and they got it spectacularly wrong in the previous crisis. Is he looking at providing any guidance or a framework for credit rating agencies and, in particular, at tackling the potential conflict that exists because the entities that are assessed pay the agencies' fees?

Mr. Darling: The hon. Lady is right. The Financial Stability Board, which the International Monetary Fund set up, is looking at the issue, because credit rating agencies are mostly American and they operate throughout the world. We have to have international agreement, and in Europe steps are being taken rather more quickly to try to ensure that agencies are properly regulated. She is right that they can be hugely influential, but I have always made the point that a credit rating agency's advice should be one factor influencing people's decisions. It should not comprise their total judgment, because it cannot.

Mr. William Cash (Stone) (Con): Does the Chancellor accept that his statement, "whether we like it or not", in relation to the European Union is rubbish and as outrageous as anything we have heard from him for months? Will he accept, very simply, that we can make our own decisions in this House; that those matters do affect every single man, woman and child in this country, and the City of London; and that, for us simply to have to accept that all decisions must come from the jurisdiction of the European Union, to which the so-called national supervision will be subject, is a complete outrage that will lead to all the difficulties, all over again, that we saw with the stability and growth pact and all the other economic paradigms with which the European Union has come forward? His statement is complete rubbish. He knows it. Why does he not just pack it in?

Mr. Darling: I know that the hon. Gentleman is obsessed with all things European, and I wonder how he and quite a large number of his colleagues are ever going to be able to make a rational decision about anything in relation to Europe—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Gentleman has asked a question of the Chancellor, who is replying.

Mr. Darling: All I say to the hon. Gentleman is that we are part of the European Union, which is an important market to us, and that that means that we should be an active partner in it, fighting the British corner. It means also that we have to be prepared to speak to people in Europe, rather than pretend that they do not exist.

Point of Order

1.32 pm

Bob Spink (Castle Point) (Ind): On a point of order, Madam Deputy Speaker. About 350 passengers, some of them my constituents, on the cruise ship the Marco Polo, which is now berthed in Invergordon, have symptoms of norovirus, the vomiting bug. NHS Highland is considering moving passengers to London on dozens of coaches—a 10-hour journey without sufficient toilet facilities—or on a train. Passengers generally want the ship to return to Tilbury as soon as possible; most are being cared for properly, in their cabins, and NHS Highland could put nurses and doctors on board the ship to help. How can we in this House ensure that the matter is dealt with properly and in the best interests of our constituents, the passengers?

Madam Deputy Speaker (Sylvia Heal): I am sorry to hear what the hon. Member has to say, but it is not a point of order for the Chair. Nevertheless, he has been able to express his concerns about many of his constituents.

Care Homes (Domestic Pets)

Motion for leave to introduce a Bill (Standing Order No. 23)

1.33 pm

Dr. Nick Palmer (Broxtowe) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision for residents of care homes to keep domestic pets in certain circumstances; and for connected purposes.

In addition to the subject of the title of the Bill, I propose to discuss sheltered accommodation. I am pleased to be able to present this Bill today and delighted to have received so much cross-party support for what it outlines from colleagues, including the shadow spokesmen for animal welfare and for elderly people. The issue touches every constituency throughout the UK and, given a growing elderly population, will need to be addressed.

Superficially, the issue appears to be about animal welfare, and I should say that I have been involved in animal welfare organisations for even longer than I have been a member of the Labour party, which is 40 years. Indeed, Alexander Solzhenitsyn once made the relevant connection, saying:

"Nowadays we don't think much of a man's love for an animal; we laugh at people who are attached to cats. But if we stop loving animals, aren't we bound to stop loving humans too?"

Separate from that, however, I see the issue as one about the right of elderly people to live their lives as they wish, without too much well meant regulation of every detail from the moment that they leave independent accommodation to the moment that they move to sheltered accommodation or care.

The problem is simply stated: when people move into sheltered accommodation or into care, there is no consistent policy allowing them to take a pet with them. As a direct result, in the most recent year for which statistics are available, 38,000 healthy pets had to be put down and a further 100,000 had to be given up by their owners. Many of those pets will have been put down after an attempt to re-home them.

Moving home is stressful for anyone. Moving from one's long-standing home into sheltered or care environments is often traumatic, as one separates oneself from independent life. If we add to that having to part from one's pet and, even, having to order it to be put down, we add distress and guilt, and there is a very clear case for Parliament to help in avoiding that if it can.

Practice varies enormously throughout Britain, but there are numerous examples of successful schemes that allow pets to remain with their owners, and that should be the norm for sheltered housing. The fact that one is now living in a warden-aided flat should not remove one's right to make the choice to keep a pet. Pets provide an important source of physical, emotional and social support for many older people, and there is extensive evidence of improved cardiovascular and mental health and other health benefits from the relationship with a familiar animal. It mitigates the loneliness of many people in old age and provides an avenue for nurturing, caring and taking responsibility for others, and maintains the sense of still feeling useful.

I have discovered that many older people find that when it is time to move into care, there are wildly different practices throughout the country, making for a postcode lottery if one wants to keep an animal. There are no legal obligations on residential homes in that respect, and that is in stark contrast to other countries, including the USA, Germany, Greece, France and Switzerland, all of which have introduced legislation to ensure that older people have the right to keep or maintain contact with animals, whether those people live independently in the community, in sheltered accommodation or in long-term homes.

As far back as 1970, France legislated for pets to be allowed in all public and private housing, provided that the pet is properly cared for and not causing a nuisance. In 1983, the USA passed a national law permitting older and disabled people to keep pets in housing that received federal funding. The Society for Companion Animal Studies, supported by the Pet Food Manufacturers' Association, both of which have been extremely helpful in preparing the Bill, has published research to assess the scale of the problem in the UK. It found that 65 per cent. of care homes have no formal written policy whatever. Of those that do, 29 per cent. permit pet ownership, but more than half—54 per cent.—specifically exclude cats and dogs.

I know from correspondence from constituents that there are genuine concerns about pets going with their owners into shared or nursing care accommodation relating to pets not mixing well and about adequate exercise for dogs; responsibility for the payment of veterinary care when it becomes necessary; and the fact that older residents might be frightened of or allergic to animals. I am not arguing for a blanket policy, stating that every pet, from an anaconda to a Rottweiler, has to be admitted; I am arguing for a basic presumption that pets be permitted—subject to appropriate discussion about all the eventualities that can arise, and provided that they do not cause a nuisance to other residents.

Care providers would be understandably and rightly concerned if an extra burden was placed on them. However, evidence from experience is that an intelligent policy allowing animals actually reduces the burden on staff; residents who would otherwise make frequent demands on staff time often focus on their companion animals for much of the day.

Best practice guidelines are available for any authority that changes its policy. Wandsworth council has been proactive on the issue; its previous policy effectively ruled out pets in its accommodation, but its current policy makes the keeping of pets normally permissible. The feedback has been entirely positive. The council has told me that it would be glad to advise other authorities that might be considering a similar change. Organisations such as Help the Aged, Age Concern, Pathway and the Anchor Housing Trust have recommended guidelines that can help.

The Cinnamon Trust has gone beyond that and produced a comprehensive publication of pet-friendly homes; it gives ratings to the top 500 establishments visited by the trust's assessors. I was delighted to visit Elm House nursing home in my constituency of Broxtowe. It has a five-star rating for the criterion "Welcoming any owner and their pet with caring, friendly staff". I saw the dramatic effects that the home's cat, budgerigar and visiting pets have on the lives and reactions of long-term residents with physical and mental disabilities.

[Dr. Nick Palmer]

The Cinnamon Trust also has a national network of more than 10,000 community service volunteers who provide practical help when day-to-day care is an issue. Volunteers from another group, Canine Concern, bring in formerly homeless dogs that they have adopted as individual pets to visit patients. The animals are a positive therapy in recovery; as the National Institute for Health and Clinical Excellence has recognised, that can often be the case.

In preparing the Bill, I have been helped by many colleagues with personal experiences. My hon. Friend the Member for Colne Valley (Kali Mountford) tells me that her mother was allowed a visit from her dog only once after she went into care, and would have liked so much to have had more contact with her companion from the years before. My hon. Friend the Member for Sheffield, Heeley (Meg Munn) was a social services manager in an area where one Sue Ryder home regularly brought in a much-loved cat to cheer up the residents.

My Bill will address a problem that remains general. Today I met Brenda Eustace, an elderly resident in London who was unable to find a home willing to take her small pet dog and who, as a result, could not go into care. We need to end the postcode lottery and to come to the aid of elderly people faced with this trauma. I commend the Bill to the House.

Question put and agreed to.

Ordered,

That Dr. Nick Palmer, Miss Ann Widdecombe, Mr. Ian Cawsey, Mr. David Blunkett, Meg Munn, Andrew Rosindell, Mrs. Linda Riordan, Paul Flynn, Mr. Denis MacShane, Mr. Roger Gale, Ann Clwyd and Judy Mallaber present the Bill.

Dr. Nick Palmer accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 129).

Finance Bill

Further consideration of Bill, not amended in the Committee, and as amended in the Public Bill Committee.

[Relevant document: The Twentieth Report from the Joint Committee on Human Rights, Legislative Scrutiny: Finance Bill; Government Response to the Committee's Sixteenth Report of 2008-09, Coroners and Justice Bill (certified inquests), HC 882.]

Clause 17

RATES OF AIR PASSENGER DUTY

1.44 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): I beg to move amendment 1, page 11, line 32, at end insert—

'(4) The Treasury shall, no later than the date of the Pre-Budget Report 2009, bring forward plans to replace Air Passenger Duty with a per-plane tax.'.

Let me start by outlining the Opposition's overall approach to air passenger duty. We believe, and have said repeatedly, that the duty should be levied on a per-plane basis, not a per-passenger basis. That allows a stronger link with emissions and other environmental impacts; after all, we are talking about what is, or should be, an environmental tax. Furthermore, levying on a per-plane basis allows the possibility of including freight and corporate aircraft, which have environmental impacts that can be as severe as those of commercial airliners, as well as transfer passengers, who are currently exempt from APD.

We also note the Government's proposals for huge increases in APD this November and next. We regret that at a time of big rises in APD, the Government have not, thanks to their ineptitude, found the time or inclination to reform air passenger duty in its entirety. Instead, the only real reform—the new division of the world into four bands, based on the location of a country's capital city—is a botched job, drawn up by someone in the Treasury armed only with a drawing compass and no common sense. I shall return to the Government's four-zone plan.

Sarah Teather (Brent, East) (LD): Does the hon. Gentleman agree that those arbitrary zones have created a number of unfair anomalies? Most notably, people travelling to the Caribbean will have to pay a higher tax than those travelling further—to Hawaii, say, or to other areas around the west coast of the US. People in this country feel angry about that.

Mr. Hands: I thank the hon. Lady for that intervention, and she is absolutely right. I have had considerable correspondence on the issue and have met a Jamaican delegation, including the Jamaican Prime Minister, that came to see us at the all-party Caribbean group. What the hon. Lady has mentioned is a real and serious concern among people in the Caribbean, especially those who fly to and from the islands visiting friends and relatives—the VFR flight community, as it is known. I shall come to some of the anomalies in the system, but I can say now that the Caribbean is probably the biggest loser from the Government's four-zone plan.

Mr. Peter Bone (Wellingborough) (Con): If a per-passenger duty were imposed on cars, it would be paid four times if four people using a car pool system went in a car together, but only once if a single person used a car; we might end up with four cars, rather than one, on the road. That is the parallel, and it makes nonsense of the Government's position.

Mr. Hands: My hon. Friend is right. That is why our amendment 1, a much more logical and environmentally friendly alternative, would mean that air passenger duty was charged on a per-plane basis. The per-plane duty would also see the early demise of the brave new quadripartite world that the Government have described in schedule 5.

Graham Stringer (Manchester, Blackley) (Lab): I understand the environmental arguments that the hon. Gentleman is putting forward. However, can he tell us of any studies of which he is aware, or which the Conservative party has commissioned, that show the economic impact of proposals for a plane duty on regional airports and what a plane tax would do to the air cargo industry?

Mr. Hands: I thank the hon. Gentleman for that intervention. He raises two very reasonable questions, which the Government considered in their response to their consultation. Unfortunately, their response did not put forward any reasonable arguments against a move to charging on a per-plane basis. On regional airports, a lot depends on how we would assess the per-plane tax and how the administration would be run. I believe that a system could be designed that did not discriminate against regional airports.

Graham Stringer: The studies carried out by Manchester airport and other parts of the industry show that it would be extremely difficult for the major regional airports to attract long-haul passenger flights if this were done on a per-plane basis. They also show—I am speaking from memory—that 80 per cent. of freight business in regional airports would go into deficit and would, in effect, be unable to trade for a profit. Will the hon. Gentleman consider that?

Mr. Hands: I thank the hon. Gentleman for that intervention. I am perfectly willing to look at any papers that have been produced by anybody on this subject. I just think it is a pity that the Government failed in their own consultation to give proper consideration to those questions.

Let me try to explain why the Government have not seen fit to opt for a per-plane duty. At the beginning of last year, they appeared to agree with the Opposition that taxing per plane would be a better option to penalise flights that run near-empty and a better means of recognising that the plane causes the emissions, not the people. A per-plane tax might also allow tax incentives to be given for more environmentally friendly planes, which could never easily happen with a per-passenger tax. The Government then got into problems of their own making on questions of definition and administration, so the 2008 pre-Budget report ran up the white flag. Nevertheless, when they originally launched their consultation in January 2008, the policy was absolutely clear. According to the consultation document, they would

"replace air passenger duty with a duty payable per plane rather than per passenger."

In case of doubt, the document went on:

"This reform will take place on 1 November 2009, and has the objective of sending a better environmental signal, and ensuring that aviation makes a greater contribution to covering its environmental costs, while ensuring that a fair level of revenue continues to be raised from the sector in order to support public services."

The document described as a "principle" the need to provide

"incentives for the more efficient use of planes by taxing similarly sized aircraft the same, no matter how full the plane".

We entirely agree with those sentiments as laid out by the Government last year. The Finance Act 2008 provided for certain powers to proceed in that direction. This time a year ago, Ministers again committed to a per-plane tax, with only the final details open to change—yet six months later, the change was total.

The Government's U-turn was set out in a document entitled "Aviation duty: response to consultation", which was published with the pre-Budget report last November. It makes for interesting reading, and offers sorry excuses where they are provided at all. We can agree that member states' decision in October to include aviation in the EU emissions trading scheme was a significant development, but the Government have acknowledged the ongoing case for a UK tax along the lines of the ETS. So the response document was left claiming that the U-turn in November was

"consistent with the Government's objectives to provide additional support to businesses and individuals in the short-term and maintain action on climate change".

It was certainly not consistent with the Government's previous environmental analysis, but one might infer from the talk about supporting business that it was welcome within the industry. However, one struggles to see how. Every airline and every travel company has condemned the proposed changes; meanwhile, environmental groups attack the abandonment of the per-plane alternative.

Mr. Jeremy Browne (Taunton) (LD): I hope that this intervention is factually accurate. I have been told that in 2006—which is, after all, in the lifetime of this Parliament—the head of the Conservative transport policy review called for air passenger duty to be increased to £20 for short-haul flights and to £100 for long-haul flights. How does the hon. Gentleman reconcile that position with the position that he is taking, or is this a reasonably recent conversion on the part of the Conservatives?

Mr. Hands: There has been no conversion at all. That was the view of a transport policy group, but for as long as I can recall being involved in these matters it has been the official policy of the Conservative party to back a per-plane tax.

Let us look at the extent of the proposed changes in air passenger duty in clause 17 and schedule 5 to try to understand the scale of the Government's proposals, because there is a link with the failure to move towards the per-plane tax. Because the Government had budgeted for raising revenue from freight and corporate and

[Mr. Hands]

other aircraft, and from transfer passengers, and that business did not deliver on that revenue, there was a huge shortfall that had to be made up in the air passenger duty figures—hence the huge increases outlined in schedule 5 and clause 17.

Currently, there are two levels of APD. Roughly speaking, there is one rate for flying to a UK or other EU destination and another rate for flying elsewhere. As part of the climb-down, the pre-Budget report proposed replacing those two rates with four rates, making all flights more expensive but with the really big duty increases imposed on long-haul flights. The existing two-band regime becomes the four-band version laid out in schedule 5 and new schedule 5A, with all rates significantly higher than at present. Under the status quo, the first band is currently £10 per passenger for economy and £20 for all other classes. The long-haul band, which includes all the territories in parts 2, 3 and 4 under the new schedule, is £40 and £80 respectively—for economy class, on the one hand, and all other classes, including, interestingly, premium economy, on the other.

The four new bands start with part 1, which is similar to the existing short-haul band, with rates going up in November 2009 by 10 per cent. to £11 and £22. It now includes the Maghreb countries and Russia west of the Urals. New part 2 territories include north America, Egypt, the middle east, eastern Russia—that is, east of the Urals—and Pakistan. From November 2009, those rates will be £45 and £90—a 12.5 per cent. rise on the status quo. Returning to the point raised by the hon. Member for Brent, East (Sarah Teather), part 3, which includes the Caribbean, will be banded at £50 and £100—a 25 per cent. rise on the status quo. That band also includes India, China, Japan and much of Latin America. The rates for part 4—it is not actually defined as such but covers all the territories not in parts 1 to 3, including Australasia, Argentina, Chile, Bolivia, Peru, some other smaller south American countries and the Falkland Islands—will be £55 and £110: a huge 37.5 per cent. increase on the status quo.

Even more importantly, the Government are programming further big rises—far bigger than those this coming November—for November 2010. Part 1 charges will go up to £12 and £24, part 2 charges will go up to £60 and £120, part 3 charges will go up to £75 and £150, and part 4 charges will go up to £85 and £170. Those are huge increases. Air passengers from the UK will be cursing Labour's economic mismanagement and the fact that owing to the Government's botched reforms and failure to opt for a per-plane duty, all aviation except commercial passenger aircraft will be exempt from APD. In the next 18 months, for economy class passengers, those flying to popular destinations such as France or Spain will face a 20 per cent. tax hike, those flying to Florida will face a 50 per cent. increase, those flying to the Caribbean and India will face an 87.5 per cent. increase, and those flying to Australia will face a whopping 113 per cent. increase—a more than doubling of the tax take.

Sarah Teather: People who travel to India and the Caribbean often do so because they have family living abroad—they are not necessarily going on expensive holidays. That is not to say that people do not go on holiday to those destinations, but a large proportion of those travelling there do so for family reasons—to attend weddings or funerals, or merely to see grandparents.

Mr. Hands: The hon. Lady makes a very fair point. That is why many of those routes are called VFR routes, standing for "visiting friends and relatives". They are important for that reason. Of course, tourism is very important to the Caribbean and somewhat important to India, but we should not lose sight of the fact that for many people in our communities in this country, those are important routes for family or personal reasons as well.

Many will ask whether the increases—rates are being as much as doubled in some cases—are really an environmental tax, or whether they are simply a stealth tax with the most tangential link to emissions. Let us examine for a moment some of the peculiarities of the Government's new four-band regime. The existing two bands—Europe and all other countries—at least make some kind of sense and possess simplicity. The new bandings have no justification at all, as they are based on the distance of a country's capital city from London. The world is divided into four bands, of capital cities up to 2,000 miles away, up to 4,000 miles away, up to 6,000 miles away and beyond 6,000 miles away.

2 pm

Some 20 years after the fall of the Berlin wall, the Government's division of the world into four zones reminds me somewhat of the arbitrary nature of the division of Berlin into four zones in 1945. That made sense at the time to someone taking a short-term view and poring over a map, but clearly only somebody with no idea about the geography and no familiarity with the facts on the ground, or indeed in the air, would not realise that the new bands will throw up a whole host of new problems.

Some countries and regions are big losers for no clear environmental reasons. We should remind ourselves that this is supposed to be an environmental tax. Because the US capital is on the east coast and within 4,000 miles of London, all flights to the US, including to the west coast, or even Hawaii or Alaska if there were direct flights there, are assessed as being in band 2. Meanwhile, as has previously been mentioned, the Caribbean is in band 3 and flights there will be subject to 25 per cent. more tax than those to the USA from November 2010. Flights to India will be taxed at 25 per cent. more than flights to Pakistan. Indeed, Bangladesh would be better off still being part of Pakistan, as APD would 25 per cent. lower.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Does the hon. Gentleman agree that if so-called green taxes are to have public acceptability, they must be clearly based on environmental arguments rather than being crude revenue-raising devices?

Mr. Hands: The hon. Lady makes precisely my point, perhaps somewhat more succinctly than I am making it. By not creating an environmental tax but instead introducing an arbitrary and discriminatory schedule, the Government are making a huge mistake.

I have one final point about south Asia. Flights to Kashmir, if there were such things—it is quite possible that there could be in future, or that there could be

charter flights—would leave the airline concerned having to make the intensely political decision as to whether its destination was in band 2, as part of Pakistan, or band 3, as part of India.

The schedule sets out a crazy scheme. Destinations such as the Caribbean, India, Bangladesh and Sri Lanka are some of the biggest routes for VFR passengers, many of whom have said that the Government are introducing deliberate discrimination against the Commonwealth. As has been mentioned, their approach has provoked uproar in the Caribbean. The Jamaican Prime Minister, Bruce Golding, whom I have mentioned, and Tourism Minister Ed Bartlett made a special visit to the UK purely about this one issue during the Committee stage, to urge against the Government's new four-zone banding scheme. They pointed out that there was no environmental or economic reason why flights to the Caribbean should be taxed 25 per cent. higher than those to Florida, or to the US or Canadian west coast.

Interestingly, the new 787 Dreamliner will be able to fly directly from London to Hawaii, yet those flights, which would be some 7,200 miles, will attract 25 per cent. less APD than flights to Kingston, Jamaica, which, at 4,693 miles, are 50 per cent. shorter in distance. As I understand it, 60,000 members of the UK Caribbean diaspora have signed a petition against the Government's plans, which are an extremely unpopular measure.

We debated this matter a little in the Public Bill Committee. The last but one Exchequer Secretary, the hon. Member for Wallasey (Angela Eagle), did not seem to understand what hurt and upset her comments about the Caribbean would cause. She said in response to my speech:

"He mentioned Caribbean communities. We are aware of their circumstances and we are listening to their representations. Clearly, it mainly involves the anomaly of Hawaii."

I mentioned Hawaii merely because that is the most extreme version of the anomaly, but the anomaly is not Hawaii, but the four-zone schedule covering the whole world. Anyone who has a sizeable Caribbean community in their constituency—I have one of the largest—will know that the Caribbean tourism market, even ignoring VFR flights for a moment, competes mainly with Florida. The Caribbean will now be taxed at 25 per cent. more than its US competitor. Those who visit friends and family in the Caribbean will be similarly clobbered.

To return to the hon. Member for Wallasey and her shaky geography, she explained how we managed to have a position whereby Russia was divided into two zones. I asked her why we could not simply divide the US, for example, into two zones. She said:

"Well, clearly the US is a slightly different issue as its main land mass is much shorter than Russia's. If one includes Honolulu, it gets slightly longer."

That is extraordinary, as it implies that Honolulu is somehow on the main US land mass. She said:

"If one did it on a line between Boston and Honolulu the split would be somewhere in the middle of the Ocean."—[*Official Report, Finance Public Bill Committee*, 2 June 2009; c. 166-167.]

I was thinking of getting out a globe, if we were allowed visual aids in Committee, to show that the halfway point between Boston and Honolulu was nowhere near any ocean, but right in the middle of the United States.

Mr. Jeremy Browne: Is it not the case that if one starts at Greenwich—very close to where we are today—the far extreme of the United States at the end of Alaska and the far extreme of Russia are almost exactly the same distance away?

Mr. Hands: The hon. Gentleman makes a very good point. Interestingly, both those territories are in part 2, but logically they should be in part 4 because, by definition, they are the furthest points from Greenwich. Yet the Government are saying that they are as close as Egypt. That is some of the craziness involved in the schedule.

We also need to examine the environmental arguments for having a per-plane duty, which is the point of the amendment. The reaction of environmental groups to the abandonment of that policy has been mixed. Many welcomed the headline rises in APD, which they thought would combat excessive use of aviation, but, like us, decried the abandoned attempt to find a per-plane methodology. Friends of the Earth responded:

"The rises in APD are welcome, but should be seen in the context of the abandoning of per-plane aviation duty."

Greenpeace stated:

"Plans to tax flights instead of people would have encouraged the industry to fill their planes instead of flying half-empty jet liners around the world...Once again the aviation industry has been given a free pass at a time when its contribution to climate change is rising."

Nobody was satisfied with the Government's climbdown.

Why have the Government rejected the per-plane tax? To return to the Exchequer Secretary before last, the hon. Member for Wallasey, she told the Public Bill Committee:

"We had hoped to proceed with the per-plane tax, but we decided against it for a fair number of reasons...It was not thought to be the best time to shift from one tax to a completely redesigned one, given the uncertainty in the economy."

She added:

"we wanted to avoid the disruption and costs associated with a transition to a new tax right in the middle of a period of economic uncertainty that did not exist when the original change was announced."—[*Official Report, Finance Public Bill Committee*, 2 June 2009; c. 164.]

Those are curious justifications, because to return to the point made by the hon. Member for Manchester, Blackley (Graham Stringer), apart from the state of the economy, no detail at all given was of why the per-plane duty had been rejected. In fact, the Government said that they had suspended the move because of the change in the global economy, but of course the credit crunch began many months before the original consultation was even launched.

When the Government were thinking about embarking on a per-plane duty, in the early months of 2008, the economic difficulties were already happening. The Northern Rock crisis had already taken place, some months earlier. The consequences of their decision are dire. The move to a per-plane tax, which would bring in most other forms of aviation, was slated to raise much more in revenue and be a genuinely environmental tax, but the Government choked in the middle of last year and were left to make up the revenue shortfall by clobbering air passengers. The result is what we are considering—the huge hikes in clause 17 and schedules 5 and 5A.

[Mr. Hands]

The reason for the climbdown is that the Government were too busy elsewhere to drive through the necessary reforms once they had started the process. It is difficult to sell to the general public a big increase—a huge increase, in the case that we are considering—in air passenger duty without reforming the system to make it a genuinely environmental tax.

We want the following to be done. First, we want the duty to be linked to the pollutant—the plane—rather than directly to the passenger. Secondly, empty or near-empty aircraft should be taxed at the same rate as full ones. Thirdly, the tax should logically be extended to transfer passengers, who fly in and out of a UK airport. There is no logic to a system whereby the only passengers who fly in and out of the UK tax-free are those who do not live, work or visit here. Fourthly, the Government's four-band system must be axed. It is arbitrary and discriminates against important UK partners such as India and the Caribbean for no good economic or environmental reason. Fifthly, other forms of polluting aviation need to be brought into the air duty regime, notably corporate jets, parcel services and other freight. Finally, the tax should encourage a move to cleaner aircraft. Ironically, higher APD will probably make that less likely as airlines become even more cash-strapped, and less able to invest because more of their money goes towards APD.

Most of all, we argue that if there is to be a big hike in the tax take from the sector, now is the time not to postpone reform but to make it happen.

Ms Abbott: I want to speak specifically about the effects of the ill-thought-out proposal for air passenger duty on flights to the Caribbean—a region with which this country has long-standing historic ties. Here and now in the 21st century there are big populations of Caribbean origin in our great cities and communities, who are looking to what we shall say and do about this matter.

Before I consider in more detail the problems with the APD proposals, I stress that I entirely accept the environmental argument for some sort of taxation on the sector. The environment is a huge issue in my constituency: I probably get more letters about the environment and climate change than about any other matter. For our children, it is vital that we in the House have the courage to make the right decisions for the future.

Climate change is also a big issue in the Caribbean, which has experienced hurricanes more regularly in the past two years than ever before. There is no question but that that is a consequence of climate change, which has also led to rising seas throughout the region—a real threat to a series of small island states. Of course, the environment is the Caribbean's biggest asset.

I am committed to fighting climate change and bearing down on carbon emissions, and so is the Caribbean. It is in the Caribbean's self-interest to do that. However, precisely because I am committed to combating climate change and to my Government's taking serious action on climate change and carbon emissions, I want any proposal for APD to be based fairly and squarely on genuine environmental arguments, not to be a mere device for raising revenue.

The Caribbean has historic ties to this country, and it is particularly hard hit by the proposed four-zone system. Perhaps when Treasury Ministers and the fabled Treasury civil servant with a compass were working out the system, the Foreign Office said, "Well, I wouldn't worry too much about the Caribbean; it's a middle-income region and it can take the hit." In my time in Parliament, I have heard time and again from Foreign Office officials that the Caribbean is a middle-income region and that the focus of UK attention should therefore be much poorer countries.

2.15 pm

It is worth saying in the House that even though gross national product and so on may give the Caribbean the appearance of a relatively prosperous region, it has poverty to rival any on the globe. Furthermore, it faces a particular economic crisis after the collapse of its traditional commodities—sugar and bananas—through globalisation. Apart from providing foreign exchange and helping businesses flourish, those traditional commodities meant the employment of unskilled and semi-skilled male labour, and the Caribbean is finding them difficult to replace. The problems of systemic unemployment among young males are known even in a developed country such as ours.

As well as the collapse of traditional commodities, which not only made money for the region but provided employment, the Caribbean also suffers from the current credit crunch and financial crisis. For example, bauxite, which is one of the main foreign currency earners in Jamaica, has collapsed. More than ever, the Caribbean is looking to tourism, not only to provide foreign exchange and not just as business, but to create work. If there is systemic worklessness among the population in countries such as the Caribbean, the ensuing social problems have the power to affect us here in Britain.

The Caribbean is relying on tourism as never before. Yet that is the point at which my hon. Friends are choosing to introduce an arbitrary system of zones, which hits the Caribbean and will result, as we have heard, in APD nearly doubling in the next 18 months. That puts the Caribbean at an arbitrary and unfair disadvantage in comparison with one of its key rivals for tourism from the UK, Florida. Clearly, not even the fabled Treasury official with a compass thought of that when the scheme was devised.

Ministers may say that the sums are relatively small for those flying to their villas on the north coast of Jamaica and ask, "Why is there all this fuss?" As we have heard, both Prime Minister Bruce Golding and Minister of Tourism Mr. Bartlett have been to London to explain to hon. Members and Members of the other House the effects of the changes in APD on tourism.

Let me say a little about the consequences for people from the Caribbean flying home. I speak with some feeling about that because I fly to Jamaica nearly every year at Christmas, and the planes are packed—not with people like me, who can fairly well afford the fare from income, but with those who earn a fraction of what most Members earn and are trying to take home their entire family, perhaps four, five or six people. Some have saved for a couple of years out of small incomes.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): My hon. Friend is making a good point, which has reached the nub of the issue. The Opposition have overstated their case by attacking the whole concept, but I hope that my hon. Friend agrees that the Government need to reconsider the anomalies in the system, which penalise some countries, such as those in the Caribbean—we have heard about others—in a logically ridiculous and unfair way.

Ms Abbott: I entirely agree. The system that the Government propose does not bear examination. I repeat that the sums may be relatively small for those travelling club class to a top resort on the north coast of Jamaica, but they are large sums for my constituents, who perhaps save for a year or two out of tiny incomes. I cannot for the life of me understand why the Government would want to penalise minority communities in our big cities from the Caribbean and Asia in that way, because people will find the sums involved onerous and hard to afford.

Sarah Teather: The hon. Lady is giving a very good speech and I absolutely agree with the points that she is making. The briefing that the Caribbean Council has sent to all MPs says that a family of four travelling economy to the Caribbean—not club class, as she suggested—will pay £300 extra in 2010. That is a substantial amount of money.

Ms Abbott: We have to look at the incomes that people are earning. We are largely talking about people who are in low-paid public sector jobs or other low-paid sectors of the economy, and for them £300 is a lot of money. Having to find £300 extra to see their aunties or grandparents at Christmas or attend a wedding or funeral will cause real pain for families in my constituency, as well as people in Birmingham, Manchester and other places.

The other thing to say is that sometimes an arbitrary distinction is made between tourism and travel by friends and relatives. Jamaica could not sustain itself without the money spent by relatives who go home regularly and, for example, give money for school fees or invest. The economic consequences for the Caribbean are therefore serious.

As the House has heard, the system also seems to be wholly arbitrary; it really is a case of a Treasury civil servant with a compass. It means that people will pay more air passenger duty going to the Caribbean than they will going to Hawaii. It scarcely makes sense to have the whole of north America in the same zone, when America stretches from the Pacific to the Atlantic.

Mr. Bone: The hon. Lady is making a powerful speech. Is not one of the unintended consequences of the measure that people will fly to Miami and then change planes to fly down to the Caribbean? That will mean taking two flights and causing much more pollution, so I am not sure that the Government have thought the measure through.

Ms Abbott: Absolutely. As someone who flies to Jamaica most years, I can tell Ministers that travel agents will recommend, particularly to families visiting relatives, that the cheapest way would be to take a cheap flight to Miami and then take another flight onwards. That will not help with emissions; in fact, it will make things worse. That is another indication that Ministers need to look at the proposal again.

The proposal has already caused much unhappiness in Caribbean countries—we have heard about the Prime Minister of Jamaica and other regional leaders who are concerned—and among the Caribbean community here. I have received many letters from people who have been made aware of the issue and are concerned. They cannot believe that a British Government are seeking to penalise people from the Caribbean in that way. However, I would like to put on record my thanks to the Chancellor of the Exchequer, who met a small group of us earlier this week to discuss the issue. I am glad that the Government are at least listening.

In conclusion, the Caribbean has historic ties with this country and important community links. To go forward with the air passenger duty in its current form would send an unfortunate signal to those in the Caribbean community about the respect and concern that the Government have for them. It is not too late to revisit the proposal. All of us in this House understand the environmental reasons behind it, but I hope that enough has been said in this debate to make the Government understand that the four-zone system is widely seen as unfair and not seriously based on environmental considerations, and that it will have disproportionate effects on key supporters and Commonwealth countries, including India and Pakistan, as well as those in the Caribbean. For the sake of my constituents, the Caribbean community in this country and Caribbean leaders, who have gone to enormous trouble to make their case, I urge Ministers to reconsider the proposal.

Mr. Jeremy Browne: Thank you for giving me an opportunity to speak to amendment 1 and all the issues that are thrown up as a consequence, Madam Deputy Speaker. I congratulate the hon. Member for Hammersmith and Fulham (Mr. Hands) on the intelligent way in which he set out the arguments. I also congratulate the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) on making in such a compelling fashion the case that I, too, wish to make.

There are two main arguments that I wish briefly to explore. The first is about the desirability, in the view of my party, of having a system of aviation taxation based on each plane that travels, rather than on each customer who travels. It is worth momentarily setting the context for that policy preference. Aviation in the United Kingdom is an increasingly large contributor to the overall output of carbon dioxide. Six per cent. of the UK's total carbon dioxide emissions now results from aviation, and that figure is rising rapidly—far faster than, for example, the contributions made by other forms of transport or by buildings to overall CO_2 emissions. There is therefore an important issue to address. How can we try to ensure that the projection of rapidly increasing CO_2 emissions is limited, rather than rising inexorably in the years and decades ahead? Most people accept that CO_2 emissions resulting from aviation are likely to grow as a proportion of CO_2 emissions overall. The key is to try to ensure that they grow more slowly and make up a lower percentage of overall emissions than they would otherwise.

[Mr. Jeremy Browne]

For that reason, our desire as a party is to try to find a system that allows people to fly—we realise that in many circumstances, although not all, people need to fly for work or leisure—but that ensures it is done as efficiently as possible. I thought that the analogy drawn by the hon. Member for Wellingborough (Mr. Bone) was a good one—perhaps it is sometimes easy to think of such matters in quite straightforward terms. A car with four people in it is obviously a much more efficient way of transporting four people from A to B than four cars each with one person in. It is for that reason—a reason that is, I admit, partly to do with congestion, but partly to do with helping the environment—that some councils have explored the possibility of reserving lanes for cars with two or more passengers, because we need to be more efficient and intelligent in using CO_2-emitting fuels.

On the same principle, it would clearly be desirable to have planes filled to capacity, or at least to give airlines the incentive to fill them to capacity where possible. The issue is therefore about incentivising those companies, partly to make their planes fuller but partly not to continue with this strange system whereby planes are flown around empty in order to get them to different destinations—that may sometimes be necessary, but it is reasonable to try to incentivise airlines to do it as little as possible—and partly also to introduce more fuel-efficient planes. I recognise that the Government's policy will create those incentives. However, having a per plane duty rather than a per passenger duty will create even greater incentives than the Government's system.

The hon. Gentleman also made the point that we should try to ensure that we do not create perverse incentives for customers to avoid the system that the Government are putting in place by taking a short-haul flight and then a long-haul flight, or vice versa. One always needs to consider when looking at such systems whether people will find ways around them that may be economically advantageous to them, but which will undermine the basic environmental policy that the Government are seeking to promote. That is the background to the issue.

2.30 pm

The second part of my speech relates to the issue that has been so eloquently discussed by the hon. Members for Hackney, North and Stoke Newington and for Hammersmith and Fulham—namely, the division of the world into four bands for the purpose of assessing levels of air passenger duty. The hon. Member for Hackney, North and Stoke Newington said that the system was arbitrary, but it is not entirely so. There is a method to it. The lines that have been drawn are straight lines, not jagged or wobbly ones. What is strange about the system is that its consequences do not appear to have been fully thought through.

There are a number of anomalies in the system, and the hon. Member for Hammersmith and Fulham has been particularly imaginative in thinking of potential pitfalls in the system being proposed by the Government. The overwhelmingly obvious anomaly is the one that has been raised by my hon. Friend the Member for Brent, East (Sarah Teather), the hon. Member for Hackney, North and Stoke Newington and others—namely, the fact that the Caribbean is in a different band from the United States.

In an era in which anyone with a computer can put in the names of two cities and find out precisely, to the nearest metre, the distance between them, it seems strange that we need to base the system on capital cities. It would be perfectly feasible to base it on the actual distance of each flight. We could have a tax system that charged a number of pence per mile, for example. Or, if that were too complicated to administer, we could have a banding system in which the bands applied to each individual flight, rather than to the country that was being visited and to the location of the capital city in that country. The situation becomes particularly anomalous when the country in question is very large, because the capital city might be located in an area that is unfavourable to travellers—or, indeed, in one that is more favourable than the rest of the country.

I wonder why the capital city has been chosen as a measure. We were talking about the United States of America earlier. Los Angeles, which is eight time zones away from London, is a much bigger city than Washington DC, so why is Washington DC regarded as the most suitable point for judging the tax level of journeys from the United Kingdom to the United States? New York would be just as good an example, or Chicago. There are any number of cities in the United States that are bigger than Washington DC, which is not a tourist destination for many people. Far more British people go to Florida, for example, which is further from here than Washington is. It is slightly strange that the Government have chosen to use capital cities as a measure, and it is reasonable to ask them to look again at whether this is the best system to use.

I would like to suggest an alternative system. I understand that paying more tax to travel further is a reasonable proposition. I do not doubt that there are people on low incomes who wish to travel to distant parts of the world, but most of us accept the need to reflect the environmental damage done by long-haul flights. It is the anomalies in the system that people are uncomfortable with.

I do not know whether the Minister, in the short time that she has been in her job, has had the opportunity to consult her officials and other Ministers and to consider an alternative system. If she is attached to the idea of four bands, we could keep them, but each individual flight could be assessed within those bands. There is only a limited number of destinations that one can fly to directly from the United Kingdom, and it would take very little time to assess any new routes that came into effect. In that way, the Government could retain the simplicity of a banding system—they could introduce more than four bands if they wished to do so—but each individual flight could be assessed within one of the bands.

Such a system would avoid two places that were close together being banded separately. It would also avoid the even more anomalous situation—the example of the Caribbean and the United States has been mentioned—in which places that are much further from the United Kingdom are placed in a lower band than places that are more proximate to us. I hope that the Minister will consider that proposal, for reasons of fairness as well as for environmental reasons.

Mr. Bone: On the environmental issue, there is a further perverse effect. Most environmental damage is done on take-off and landing, so short-haul flights are, by their nature, much more environmentally damaging. They are often used as an alternative to going by rail. If we are concerned about the environment, perhaps we should be concentrating more on short-haul flights than on long-haul flights, to which there is no such alternative. Furthermore, the aircraft used on long-haul flights tend to be the most efficient.

Mr. Browne: I am grateful to the hon. Gentleman for that intervention. Short-haul flights definitely do more damage per mile travelled than long-haul flights, and it is important to look at the alternatives, particularly within the United Kingdom. I accept that the islands of Scotland and perhaps places such as Aberdeen are a considerable distance from London, but it is important to ask whether people should be routinely flying from London to Manchester, for example, when it seems much more sensible to make that journey by rail most of the time.

The hon. Gentleman's intervention also raises the question whether people might feel incentivised to take a short-haul flight from the United Kingdom before taking a long-haul flight to a destination further away, in order to avoid paying these duties. That means that we will need to consider the tax regimes in nearby European countries. We must also be alert to the risk of creating a system that unfairly penalises some destinations. The example that illustrates the greatest unfairness involves the Caribbean, which is only four or five times zones from here yet is treated for the purpose of this rule as though it were much further away.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): The hon. Gentleman is correct in his assertions about short-haul flights. Does he agree that this legislation could present greater opportunities for Schiphol and Shannon?

Mr. Browne: That is a hazard, but I do not want to go so far as to say that any taxes on aviation will threaten our airline industry if other countries' taxes are lower. The logic of that position would be that we should have no aviation taxes at all, and I do not agree with that proposition. However, we need to have a system in place that incentivises airlines to be more environmentally efficient, and that reflects the polluting effect of flying long haul without building in anomalies that unfairly penalise some categories of passenger and some countries whose economies rely on trade and tourism.

Mr. Slaughter: I am confused, which sometimes happens when I listen to Lib Dem policy. Is the hon. Gentleman agreeing with my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) that the anomalies in the Government's proposal need to be corrected, or with the hon. Member for Brent, East (Sarah Teather) and the official Opposition, who believe that the whole system needs to be done away with and replaced by a new one, which might be more expensive for people travelling to the Caribbean?

Mr. Browne: I think I was making myself perfectly clear, but the hon. Gentleman might have chosen not to listen carefully to what I was saying. I have made two points. One was that I disagree with the Government's view that we should tax per passenger; I think that we should be taxing per plane. I hope that that concept is straightforward and easy to understand. I disagree with the hon. Member for Hackney, North and Stoke Newington that the system is arbitrary.

My second point relates to the bands of 2,000 miles. Everyone can agree that the capital cities are within those bands, but I believe that that is a bad way to run the system. I was suggesting that the distance covered by each individual flight should be measured. For example, we could measure the distance between London and Kingston in Jamaica, and the distance between London and Miami. I suspect that they would both fall within the same band, under a new banding system. That would be far less anomalous than the present system, in which a flight from London to Miami is judged according to the distance between London and Washington DC. That seems to be a very strange system.

Ms Abbott: The hon. Gentleman may think it is an anomalous system, but a Jamaican nurse who has saved for two years to fly home and finds that she has to pay substantially more in air passenger duty than someone who is flying all the way to Los Angeles would think the system looked pretty arbitrary.

Mr. Browne: I do not want the hon. Lady to misrepresent my position, because I am an ally of hers and it would be a great shame if she thought there was political advantage in pretending otherwise. Both she and I are trying to persuade the Government that it is unreasonable to have a system that charges people more in tax to fly a shorter distance. That is what we are saying, while the Government propose that people should pay more in tax to fly to the Caribbean than they should to fly to San Diego or Los Angeles. I think that that is a bad system and I have made that completely clear. My understanding is that the hon. Lady agrees that it would be better if we based the system on measuring the distance of each flight and taxed either per flight or had a banding system that took each individual flight into account rather than the distance from London to the country's capital city. I venture to suggest that unless the system is extremely complicated, the tax levels for Florida would be the same as for the Caribbean islands, which the hon. Lady would agree to be a fairer system.

I conclude with this parting shot—I very much hope that the hon. Member for Hammersmith and Fulham presses the matter to a Division. The case is clear cut and there is a genuine grievance, which has been articulated by the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter). I anticipate that he will vote with me, my hon. Friends and Conservative Members to try to make the Government think again. The case has also been articulated by the hon. Member for Hackney, North and Stoke Newington, who I also anticipate will join us in the Aye Lobby to ensure that the Government are made to understand that this is a great grievance for many people. We need to come up with a system that takes account of the environmental consequences of aviation but does not at the same time create unfair anomalies that penalise our constituents.

Mr. Neil Gerrard (Walthamstow) (Lab): I shall be brief as I do not want to repeat what has already been said.

[Mr. Neil Gerrard]

Like many hon. Members, I met the Prime Minister of Jamaica when he came here to raise the issue of air passenger duty, so I heard the case that he, his Tourism Minister and the Caribbean Council have made about the effects of the proposed system on the Caribbean. My hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) has gone through the case in detail, so I shall not repeat it all.

The key issues for the Caribbean are quite simple. The first is the importance of tourism. As my hon. Friend said, the collapse of the traditional economy in the Caribbean—the Jamaican Prime Minister specifically mentioned the collapse in the bauxite market—has made the islands much more reliant on tourism than ever before. Anything that discourages people from flying to the Caribbean, as opposed to destinations nearby such as Florida, will have an impact on the area.

Secondly, people living in the UK, including British citizens, whose families are still living in the Caribbean and who need to visit them—I have been approached by many people in my constituency about this—are also affected. Tourists have a choice about where they go and are able to weigh up the cost of fares, but the people visiting their families have no such choice; they either visit them or they do not. The only choice they might have is to go via a different route. That could mean, as was mentioned earlier, people taking a short-haul flight to, say, Paris and then flying from there across the Atlantic because it is cheaper, which would not particularly help our airline industry or do anything to deal with pollution. We should be aware that people who need to visit their families may not be at all well off. An increase in passenger duty from £160 to £300 in a couple of years is not an insignificant amount of money for a family of four wanting to make those journeys.

Let me say a few words about the alternatives. I am not necessarily convinced that the amendment provides the answer; it simply proposes to move to duty per plane. We should be looking at a system more closely connected to distances of flights. I am told that such an approach would cause all sorts of administrative problems, but, frankly, I do not believe it. As was said earlier, we can look up in 10 seconds on Google the distance between any two cities in the world, and all the airlines provide the air miles when we fly—presumably based on the actual distances of the flight.

Sarah Teather: I absolutely agree, and I tabled an early-day motion that incorporated those factors. The hon. Gentleman is right—it is not as if airports get up and move from one week to the next; they are fixed points, so it should not be beyond the wit of the Government to work out how far apart they are.

Mr. Gerrard: Almost inevitably, the information is there already.

2.45 pm

Mr. Jeremy Browne: The hon. Gentleman provides me with an opportunity to clarify my earlier point. I agree with him that it is perfectly possible to judge every single flight on the distance travelled. My point was that if the Government were attached to a banding system, there could be eight or nine bands representing 1,000 miles each, and we could judge individual flights within those bands rather than on the basis of the distance between London and the capital city of the country in question, which is even more ridiculous.

Mr. Gerrard: I understand that point. If a system were based on distance travelled, there would be alternative ways of charging; we could take the precise distance into account or have a banding system, for example.

As I was saying, I do not believe that there will be serious administrative problems; it should not be that complicated. I am also told that there is the problem that the measure might be seen as a proxy for fuel consumption, because the distance travelled would correspond quite closely to fuel consumption, and it is not permitted to tax that. That seems to be the root of the problem, because I would have thought that the amount of fuel consumed must be the best measure of emissions. That has to be the case. If we based the system on that, it would cover the issue of short-haul flights, where less fuel may be used in the air, but the amount used in take-off in comparison with the rest of the journey is disproportionately high. The root of our problem is thus the inability that I am told we have to tax fuel consumption. If that is the case—I assume that it is due to EU or other international regulations—we should take it up and argue about it in order to secure change towards a greener tax for the future.

Mr. MacNeil: The hon. Gentleman is making a sensible and cogent argument. Banding of any form will produce problems and anomalies. As he says, we are told that we cannot tax fuel, but does the answer not lie in finding some way to tax fuel and carbon emissions? We should describe the tax we need in those terms. The hon. Gentleman's suggestion of taxing per mile is eminently sensible.

Mr. Gerrard: I thank the hon. Gentleman and agree that that is the direction we should be looking towards, irrespective of whether we have a banding system.

David Taylor (North-West Leicestershire) (Lab/Co-op): The roots of our inability to tax fuel probably stretch back as far as the inter-war Chicago convention—in the early '30s, I believe. We need to make more progress on taxing fuel, as the aviation industry is especially lightly taxed—so much so that Al Capone would be proud to be associated with it. Something has to be done about the problem. The amendment may not be perfect; it may be a proxy for a fuel tax, as my hon. Friend says.

Mr. Gerrard: I thank my hon. Friend and agree that we should pursue this line for the future; it is ultimately where we need to be. Such an approach could also deal with the points raised about commercial flights, planes flying empty and so forth.

I shall not say much more, because I do not want to keep repeating things that others have already said. There is time for the Government to think again. I am not convinced by the amendment as it stands, but the big rises in air passenger duty will come not in 2009-10 but in 2010-11. I hope that, especially in view of what is happening to the Caribbean, India, Pakistan and other

destinations that mean quite a lot to many people in this country, the Government will have produced some possible alternatives before the pre-Budget report is presented later in the year, and before the big rises that are due in 2010-11.

Mr. Bone: It is a great pleasure to follow the hon. Member for Walthamstow (Mr. Gerrard). He made a valid and powerful point about the need to bear the per-mile damage in mind rather than opting for a banding system. If we can adopt such an arrangement—or something nearer to it—the position will improve greatly, because it will be environmentally friendly.

Let me begin by referring the House to my entry in the Register of Members' Interests, which states that I am a non-remunerated director of a travel company.

The Government have got themselves into a terrible tizz over APD. I think that they were right when, a year or so ago, they said that they would introduce a per-plane tax, but they got into an awful mix-up over premium and standard passengers. I remember that they discriminated against tall people last year: for some reason they thought that there were business-class-only aircraft flying around, when in fact all the companies concerned had gone out of business. The Treasury estimated that it would raise an extra £5 million from a class of airliners that did not exist. Having got into a terrible muddle in trying to define the distance between seats according to whether they were standard or premium, it has now included premium and economy seats in the premium APD.

The real question, however, is whether this measure is a stealth tax, designed purely to raise money for the Government. I fear that, in large part, it is just that. My right hon. Friend the Member for Witney (Mr. Cameron) has taken hold of the Conservative party and shaken it, as he has done in many other contexts: he has brought environmental issues to the top of the Conservative agenda. I fear that APD is not an environmental tax in any sense. If an aircraft is flying to Florida carrying two passengers, they will pay two lots of duty. If it is carrying 230 passengers, they will pay 230 lots of duty. That cannot be environmentally correct. It is as simple and as straightforward as that, and many other Members have made the same point.

The Board of Airline Representatives in the UK, known as BAR UK, has made a point that has not featured much in the debate about passengers coming into the United Kingdom. Let us suppose that an American says to a travel agent, "I want to go to Europe: where do you suggest that I fly to?" The travel agent will say, "It is several hundred pounds cheaper to fly to Schiphol than to fly to London." I remember that a few years ago there was much talk of Schiphol's being the third London airport.

It is crazy to put this country at a disadvantage. The Government need to come up with a taxation system that is based on environmental considerations. I agree with the hon. Member for Taunton (Mr. Browne) that there should be a tax on airlines to help to control emissions, but it should not be one that puts our airline industry and our cities at a disadvantage. If it is too high and out of synch with the rest of Europe, it will merely be a stealth tax, but I think that that is the direction in which the Government are moving.

Mr. MacNeil: This may support the hon. Gentleman's argument. Surely an environmental tax should have the desired effect of changing behaviour. If the intention is simply to raise revenue, the number of passengers and flights should remain the same. It would be interesting to hear from the Government which of those two options they prefer. Do they plan to change behaviour by reducing the number of passengers and flights, or are they merely using airlines as a cash cow? Banding or a per-mile tax would not be a sensible option environmentally, but it would be a very sensible option if the Government are trying to raise more money for themselves.

Mr. Bone: I hope that the Minister will answer that question.

Let me turn to a more local issue. Many of my constituents travel to the Caribbean, and many more travel to India. My constituency contains a large Indian community. One constituent wrote to me as follows:

> "I am a regular traveller to the Caribbean and I am worried about the impact of the proposed tax increases. From November I will have to pay more in tax to travel to the Caribbean than if I were travelling to the West coast of America or Hawaii. This cannot be right!! Not only when comparing distances travelled but also when you consider that the tax is for green issues.
>
> This will have a serious impact on my ability and others from the West Indian Diaspora, many of whom live in your constituency, to visit the Caribbean."

For those people, visiting the Caribbean means visiting home. That is, I think, the point made by the hon. Member for Hackney, North and Stoke Newington (Ms Abbott). Generally speaking, such people are not the wealthiest of my constituents. I have a horrible feeling that we are returning to the system that operated when I was growing up, when air travel was only for the rich. This is a tax on the poor, and it is a tax on people who want to go home to visit their friends or want their friends to visit this country. I do not think that the Government have thought it through at all. I am not sure that they really want to discriminate against people travelling home to the West Indies and to India, but that is the effect of what they have done. Many of my constituents are very unhappy about it, and I ask the Government to think again.

The Exchequer Secretary to the Treasury (Sarah McCarthy-Fry): I thank all hon. Members who have contributed to the debate.

As has been mentioned, in 2008 the Government consulted on proposals to replace air passenger duty with a per-plane tax. The amendment proposes that they should bring forward plans for a per-plane tax again. I assure those who tabled the amendment that the Government decided against introducing a per-plane tax at this point only after fully considering the merits of, and evidence for, such a tax. Having considered the evidence and listened to respondents, we announced in the 2008 pre-Budget report that we would instead reform the existing APD regime and change the current two-destination band structure to a four-band structure. As has already been said today and in earlier debates, that decision recognised the need for stability in the tax system in difficult economic circumstances. The reform of APD strengthens the environmental signal of the tax, and raises revenue in comparison with the existing system.

Ms Abbott: Will my hon. Friend give way?

Sarah McCarthy-Fry: I will in two seconds; I want to deal with a point that my hon. Friend made. We have always said that aviation taxation has a dual purpose, dealing with environmental impacts and also contributing to public finances.

Ms Abbott: My hon. Friend said that the Government rejected the idea of a per-plane tax. We know, because it is on the record, that they considered it very seriously, and my hon. Friend has not explained why they rejected it.

Sarah McCarthy-Fry: If my hon. Friend will be patient, I shall come to that in a moment.

Mr. John Gummer (Suffolk, Coastal) (Con): The Minister said that the Government had always recognised that the tax should be both environmental and revenue-raising. This measure is very damaging to the environment. The public will accept green taxes if they really are green taxes, and if they are clearly connected with green activities. If they are merely means for the Treasury to raise money, the public will think that they are frauds.

Sarah McCarthy-Fry: I think that I thank the right hon. Gentleman for his intervention. I shall explain later the way in which we are trying to achieve a balance and to send an environmental signal within the constraints presented by reform of the APD system.

Mr. MacNeil: The Minister talks about getting the balance right. By what percentage does she hope to reduce passenger and flight numbers as a result of her tax-raising measures?

3 pm

Sarah McCarthy-Fry: Somewhere in my papers, I have the figure for the reduction in carbon that we expect as a result of the measures. If I cannot find it in time, I will write to the hon. Gentleman.

We have increased rates for all lengths of flights, but it is right that the rates for those flying to the farthest destinations are higher. That point has, I think, been agreed by all hon. Members who spoke.

Following consultation with stakeholders, the Government decided not to go ahead with a per-plane tax. Proceeding with the per-plane tax would have raised more revenue, but it was not the right decision at the time. The Government proposed a per-plane tax in a very different economic climate, before the global economic downturn had really begun and before agreement was reached to include aviation in the EU emissions trading scheme. The decision to reform APD rather than proceed with a per-plane tax was taken after considering the potential impacts on regional connectivity and on air freight and the knock-on effects on employment, as well as the need to ensure greater stability in tax policy in times of economic uncertainty and to avoid the disruption and costs associated with the transition to a new tax.

I now have to hand the answer to the question of the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil). We estimate that our reformed APD will deliver 0.6 $MtCO_2$—million tonnes of carbon dioxide—by 2011-12.

Mr. Hands: Can we get it absolutely clear that there are only two reasons for rejecting the per-plane tax in the Government consultation, which are that it would discriminate against regional airports—or so the Minister says, at least—and that she does not want to introduce a disruption in the tax gathering system during a recession? Are those the two reasons, and if so, are they the only two reasons?

Sarah McCarthy-Fry: They are certainly not the only two reasons. Another important reason was the point that I made about the EU ETS, which enables us to have some of the benefits that a per-plane tax would bring. That was another consideration that was taken on board. The full reasons are spelled out in the document, which I think the hon. Gentleman spoke about earlier.

Mr. MacNeil: I am grateful to the hon. Lady for her answer a few moments ago, but I seek a little clarification. Is that 0.6 per cent. of the total emissions from UK aircraft or 0.6 per cent. of a million tonnes of carbon? Also, will the efficiency of different plane models be taken into account so that some aircraft could be taxed more or less than others—in other words, will there be an incentive to use more efficient planes?

Sarah McCarthy-Fry: It is 0.6 million tonnes of carbon dioxide in 2011-12.

My hon. Friends the Members for Hackney, North and Stoke Newington (Ms Abbott) and for Walthamstow (Mr. Gerrard) and the hon. Members for Brent, East (Sarah Teather) and for Taunton (Mr. Browne) referred to the Caribbean. I assure hon. Members that I have carefully considered the many representations I have received in respect of the Caribbean, and I will respond later to some of the alternative suggestions that have been made in the context of our reformed APD. Without seeking to undermine the argument of the hon. Member for Brent, East, I would like to correct a point of fact. She said, I think, that there would be an additional sum of £300 in 2011-12, but it is, of course, an additional £140, and £300 is the total.

In the context of this amendment, there is absolutely no reason to assume that moving to a per-plane tax would result in less tax on flights to the Caribbean. In fact, implementing a per-plane tax, as consulted on in 2008, would have resulted in more tax being paid on flights to the Caribbean than under the reformed APD. As I have said, I will address later some of the alternatives that have been suggested such as distance flown, alternative bandings and proxies other than capital cities, but I shall first explain why we have chosen the banding system.

In retaining APD, the Government recognised that the system could improve the environmental signals it provides. The responses to the consultation for the per-plane tax highlighted that aviation taxation should recognise distance flown as a factor. As part of the strengthening of the environmental signal in APD, destinations have been banded in a straightforward, transparent and administratively simple way.

Mr. John Redwood (Wokingham) (Con): Can the Minister tell us which of the many tax proposals that the Government examined produced the biggest fall in the number of flights?

Sarah McCarthy-Fry: I do not have that information to hand, but I am sure I will be able to get it to the right hon. Gentleman.

The reform of APD increases the number of destination bands from two to four. These have been set at 2,000-mile intervals, with the distance between London and capital cities determining what band a country falls within. There is a clear rationale that those travelling farther should pay higher rates of APD.

The hon. Member for Taunton said that short-haul flights are more damaging. Long-haul flights produce more emissions, and a band D long-haul flight on average would emit 14 times more than a band A flight.

Mr. Jeremy Browne: I acknowledge that long-haul flights cause more emissions than short-haul flights. My point was that short-haul flights cause more emissions per mile, and that is why we need to try to create alternatives to short-haul flights. I recognise, however, that a system in which the tax is greater for long-haul flights is reasonable because, overall, they cause greater emissions than short-haul flights.

Sarah McCarthy-Fry: I thank the hon. Gentleman for that intervention.

A geographical banding structure balances the aim of sending a stronger environmental signal with the need to make the reforms easy to implement. The hon. Gentleman and the hon. Member for Wellingborough (Mr. Bone) suggested that people might travel to cheaper destinations, or travel short haul and then get an onward flight. It is often said that people may do that, but there are a number of practical, as well as financial, consequences.

A passenger with two unconnected tickets for travel will need to land themselves at the first destination airport and then check back in for the second flight, and will be subject to any taxes or charges due for that country. Both airlines will incur handling charges for processing the passenger, and it is likely that they would be passed on to the passenger. Also, a passenger taking a connected flight enters into a contract for travel to their final destination. That offers a passenger some protection against unforeseen delays or cancellations as it is the airline's responsibility to ensure that they reach their final destination. In some cases, that may mean rebooking a passenger on an alternative flight or providing, or paying for, accommodation until a flight is available. Unconnected flights do not carry that same protection, and an airline's responsibility will cease once the passenger has reached the destination specified on the ticket.

Stewart Hosie (Dundee, East) (SNP): Surely the second airline would offer the same contract for the second flight. The level of protection would be precisely the same, it simply would not be provided by the original carrier.

Sarah McCarthy-Fry: Notwithstanding that, there is the gap in the middle at the hub point, because the protection is given to the hub and the passenger does not have the same protection going forward. I think the hon. Gentleman will accept that there is also the additional costs issue—the additional handling charges and airport charges, and the need to land and recheck baggage. That would not make it quite such an easy option, and would not necessarily make it a financially cheaper option.

Mr. MacNeil: I am a frequent air traveller. Unfortunately, I sometimes take between four and six flights a week. Are this Government saying that they are going to make life even more difficult for air passengers by ensuring that they have to check in again, and by not ironing out the rough edges? Their journeys are already stressful and annoying enough. Will they get even worse now as result of the consequences of the Government's measures?

Sarah McCarthy-Fry: The measures do not apply within the UK. *[Interruption.]* What I am saying is in the context of passenger choice—if they think that, to avoid APD, it would be cheaper and more convenient to travel via a different hub. However, it would not necessarily be so practical and easy, and it would not necessarily be so cheap. If it is a through-flight, the measures do not apply; if they are unconnected flights, they will apply.

Mr. Bone: I think that the Minister is not quite aware of the practice. Travelling non-stop—direct—is more expensive, and airlines will try to attract people on an indirect route. Someone may well fly with Northwest airlines to Detroit and then down to the Caribbean, and that will be priced cheaper. That is because the airline is trying to attract people's business and that break in flight is not essential. Interlining happens all the time and there is no difference in protection, because the interlining protection continues through. In practice, the Minister has not got that point exactly right.

Sarah McCarthy-Fry: I will certainly re-examine that, but my understanding is that the situation for two unconnected flights is different from that for a connected flight booked on one ticket.

Ms Abbott: On the incentive to use an interconnecting flight rather than a direct one, people going to the Caribbean—I am thinking, in particular, of families and Caribbean diaspora nationals—will find it tempting to break their flight in Miami. The Minister may not be aware that there is a large Caribbean community there. If it could be done more cheaply, it would make perfect sense to break a flight there and then go on to the Caribbean, and perhaps a couple of days could be spent visiting another set of relatives. I imagined that the environment was the underlying rationale behind the proposal, but a situation such as I have described will not help us with carbon emissions at all.

Sarah McCarthy-Fry: I take my hon. Friend's point, but the point that I am trying to make is that such flights will not necessarily be cheaper because there may be other costs to take into account. It may not be quite as simple as some people have suggested.

Mr. Gummer: Will the Minister explain why it is sensible to have a higher tax on a flight to the Caribbean, given that such a journey can be made only by air, than on a flight to Manchester, which can be reached by train? Would it not be more environmentally sensible if things were the other way around? Has she not got it all upside down?

Sarah McCarthy-Fry: I disagree. I thought that we had a consensus that long-distance flights were more environmentally damaging than short-distance flights.

Let us move on, because I wish to come to suggestions made to amend our APD system in order to avoid the anomalies. Ticketing systems are based on national territories. As such, it is straightforward to base the tax on countries, and we think that the capital city is the most coherent and principled proxy. Where it is administratively simple to divide a territory at an appropriate point, as in the case of the Russian Federation, the Government have done so. Of course it is possible to determine the exact distances of flights, and I take the point that my hon. Friend the Member for Walthamstow made about the administration of that. Such an approach would be slightly more complex because of the ticketing systems that airlines use, and any consequent increases in cost could be passed on to passengers.

My hon. Friend was right when he mentioned the Chicago convention and the fact that the distance link might be so closely tied to fuel consumption as to raise questions about legality. He asked that we should focus our attentions on that, and I assure him that the Government continue actively to support international action at the International Civil Aviation Organisation. It administers that convention, which, as someone rightly said, was signed in 1944 and created the framework. The convention has been revised frequently, but we think that it is now in need of modernisation, and that is particularly true in relation to the environment. The UK and other like-minded states believe that the current practice of exempting aviation from fuel taxation is anomalous and we have succeeded in increasing our focus on the environment, but it has not yet been possible to reach consensus in the ICAO on specific economic instruments. I assure all hon. Members that we are committed to engaging actively, together with our European partners, to press for greater action on the environmental impacts of aviation.

There will be instances in any banding system where a capital falls either just within or just outside a band, or a territory covers a large area. Calls for exceptions to be made for a specific country or group of countries can generally not be met without breaking international law principles of uniform treatment. Making changes in the banding system to change the impact on one group of countries in particular could reduce the revenue from APD, thus requiring the money to be found elsewhere. It could also undermine the environmental signals from the tax and, in addition to legal considerations, it could raise distortion issues with comparable destinations.

3.15 pm

Mr. Slaughter: My hon. Friend makes some good negative points about why the Opposition proposals may not work or why, in the case of the per-plane tax, they may even be more expensive. However, she must understand that the anomalies need to be corrected. When my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) and I saw the Chancellor earlier this week on the matter, he said that it would be re-examined to see whether some of the anomalies, such as those relating to the Caribbean, could be addressed. Will the Minister suggest how that might be done?

Sarah McCarthy-Fry: I was about to come to that. I have asked my officials to consider the matter further. Although my hon. Friend said that my points appear to be negative, I was trying to explain the difficulties and why we have not been able to introduce the proposal until now. That does not mean to say that we are not still looking at it.

Ms Abbott: One of the arguments that the Minister made against doing anything about the zones was that to do so would reduce the revenue. I am genuinely committed to taking action on the environment and to green taxes. The Government must make up their mind about whether the measure is designed to reduce carbon emissions or to produce revenue. Leaving aside the broader question on the Caribbean, which is the thing that concerns me in this debate, I fear that if the Government devalue the notion of green taxes by using them as a cover for raising revenue, the public acceptability of such taxes in future will be much reduced.

Sarah McCarthy-Fry: I certainly take on board my hon. Friend's point but, as I said, we must recognise that we want the aviation sector to pay its fair share towards the public finances. The sector is not highly taxed—it does not pay fuel duty or VAT on fuel—and we have a joint way of ensuring that we can secure a contribution to the public finances while trying to find a sensible way of strengthening the environmental signal. We consulted on the case for a per-plane tax and, as I have said, we decided not to proceed with that.

Mr. MacNeil: The hon. Lady is saying that this is a straightforward revenue-raising tax, but it is hoped that it might give an environmental signal. She is saying that the tax is simply about raising money and has nothing to do with the environment. Is that correct?

Sarah McCarthy-Fry: My point is that we are trying to make our reformed APD system give a better environmental signal and better match the distance travelled. We cannot do that under the Chicago convention, which we are trying to change, if the proxy is too close to emissions. The banding system gives a better signal towards that.

Mr. Jeremy Browne: Before the hon. Lady finishes her speech, will she engage with my entirely constructive proposal, which is not to abandon her proposal—I understand that she might not wish to do that—but to modify it in a way that addresses the concerns raised by the hon. Member for Hackney, North and Stoke Newington (Ms Abbott), my hon. Friend the Member for Brent, East (Sarah Teather) and others? The Minister could explore the possibility of having eight bands, rather than four, and the determination of which band a plane journey fell in would be made on the basis of the actual distance travelled, rather than the distance from the UK to the capital city of the country. That would ensure that the bands much more accurately reflected the actual distance travelled, while being less administratively complicated than measuring the distance of each flight. We could keep a band system—there would probably be more bands—but the determination would be about the actual journey made, rather than the journey to the capital city. Does she think that that would be a good way forward?

Sarah McCarthy-Fry: We have examined many ways forward along those lines, but so far we have come up with negative reasons, as my hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) put it, as to why that is not a practical way to proceed. As I have said, I have asked my officials to continue examining the matter. We had consulted on the basis for a per-plane tax, but after careful consideration we decided not to proceed—our reasons are outlined in more detail in the document. I therefore ask the hon. Member for Hammersmith and Fulham (Mr. Hands) to consider withdrawing the amendment.

Mr. Hands: This has been a wide-ranging and extremely helpful debate on amendment 1, and we have heard from a significant number of diverse speakers on a number of different topics. A number of common themes emerged, the main one being the unworkability of the Government's clause and schedule that we are discussing. The hon. Member for Hackney, North and Stoke Newington (Ms Abbott) spoke passionately and with great knowledge, making powerful points about Caribbean communities and the need to have a more environmental basis to this taxation that I had also made. The hon. Member for Taunton (Mr. Browne) also made a number of important points about the crudeness of schedules 5 and 5A, as well as a number of more general points with which Conservative Members agree.

The hon. Member for Walthamstow (Mr. Gerrard) commented on the actual distance flown, which I know we discussed at the meeting of the all-party group on the Caribbean. I was interested in the Minister's response that she is looking at ways of reforming the Chicago convention. I would be grateful if she could update the House, at an appropriate time, on how those negotiations are proceeding. My hon. Friend the Member for Wellingborough (Mr. Bone) made similar points about the Caribbean and India, well illustrated with a letter from his constituent, one of the 60,000 people who have signed the petition and written to their MPs.

The reasons given for rejecting the plane tax amendment are flimsy, as we have seen from the Minister's response and the Government's consultation document. We can have no confidence in the Government's reasoning, which shows a confused logic on whether this is an environmental tax or purely revenue-raising. Several hon. Members raised serious concerns about the particulars and the generality of the Government's proposals, and we would urge a rethink before it is too late. Having said that, we had a Division on this matter in Committee and we are not minded to do so again today, given that we are already two hours into today's proceedings and there are several more groups on the amendment paper. I therefore beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 20

BINGO DUTY

Stewart Hosie: I beg to move amendment 4, page 12, line 15, leave out subsection (2).

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following: Amendment 22, page 12, line 16, leave out '22' and insert '16'.

Amendment 23, page 12, line 16, leave out '22' and insert '17'.

Amendment 5, page 12, line 20, leave out '27 April 2009' and insert '1 April 2010'.

Amendment 24, page 12, line 20, leave out '27 April 2009' and insert '1 April 2011'.

Stewart Hosie: I am delighted once again to make the case for bingo and speak out against the Government's damaging tax increases. We discussed this only a few weeks ago, on 13 May, and I have reread the report of the debate. The then Exchequer Secretary said:

"We have had a small, boutique, but extremely well proportioned debate".—[*Official Report*, 13 May 2009; Vol. 492, c. 977.]

She was right. It encapsulated every one of the arguments that surround this issue. The hon. Member for Hammersmith and Fulham (Mr. Hands) made an important contribution to that debate, especially given the circumstances of the last week. I shall return to that point later.

Before I make my argument in detail, I want to say how astonished I was last week when the bingo sector held a demonstration in Old Palace Yard. It was a bright, noisy, colourful demonstration, and it will probably be the first and last time that I ever see people travelling from Caerphilly and Bristol, together with Caribbean dancing girls, to protest against Government tax proposals. Those people had come from around the country, not to represent the interests of the bingo companies, but to express the passion that communities have for their bingo clubs and their desire to protect them. I was delighted that many hon. Members attended the demonstration, including the hon. Member for Llanelli (Nia Griffith). Unfortunately she voted with the Government on 13 May, but I hope that now she has seen her bingo club players and the Plaid Cymru candidate at the demonstration, she will change her mind tonight. That would be very helpful, and it would be welcomed by the many women who made the six-hour journey to attend that demonstration last week. I am sure that they will pay great attention to how the hon. Lady and many of her colleagues vote tonight.

The key point of principle in this debate was clearly laid out on 13 May. It concerns the unfairness of taxation levels on bingo in comparison with other forms of gambling. Online bingo, casinos and poker are taxed at 15 per cent. Online sports betting is taxed at 15 per cent., as is sports betting in a betting shop. The football pools and betting exchanges are also taxed at 15 per cent. Only casinos are taxed differently—on a sliding scale between 15 and 50 per cent., but I am reliably informed that if bingo clubs were taxed on the same basis as casinos, each and every one—without exception—would pay tax at 15 per cent. We need some fairness, and to avoid bingo being uniquely taxed at 22 per cent.

Mr. Bone: The hon. Member makes an important point, but does he detect a trend in this Finance Bill? The Government seem to want to hit the poorest the hardest. We have seen no compensation for the doubling of the 10p rate. We have just seen the APD proposals that will affect the poorest, and now they will be hit hardest by these proposals.

Stewart Hosie: In an attempt to build an all-party consensus on my amendment, I might not follow the hon. Gentleman's logic in its entirety. It might be more

[Stewart Hosie]

accurate to suggest that, with a national debt approaching £1.6 trillion, complete chaos in the current account, and the Government's finances in turmoil, they are simply scrabbling about trying to fill the black hole from everyone's pockets in whatever sector they can find.

Mr. Gummer: Might it be that the Government are being snobbish? Somehow they think that there is something infra dig about the bingo club, where they would not be seen going.

Stewart Hosie: I am almost at a loss; the temptation is too great. It is a good thing that the hon. Member for Crewe and Nantwich (Mr. Timpson) can comfortably go to the bingo with his wife. The hon. Member for Barnsley, Central (Mr. Illsley) can also go to his local club. More Labour Members should go to their bingo clubs, which are mainly in working class communities, and see that those who go there are normal people. The Government should not be afraid of the working class, and nor should they tax them so outrageously.

Mr. Jeremy Browne: I visited Mecca bingo in Taunton on Friday and met many people who, in the past, may have considered voting Labour, although I suspect that they will not do so in future. The hon. Gentleman mentioned revenue. I am told that Mecca bingo will pay some £10 million a year more as a result of being taxed at 22 per cent. rather than 15 per cent. To put that in context, £10 million is the additional borrowing that the Government run up every half an hour. The idea that the extra bingo taxes are likely to plug the hole in the public finances is fanciful. The reason must be something more serious or vindictive.

Stewart Hosie: I was not aware of those figures, but they are very interesting. The public finances are in such a perilous condition that the Government are scrabbling around to fill the hole with whatever they can possibly raise.

Even if bingo clubs were taxed on the same basis as casinos, they would pay only 15 per cent. and that would be fair. However, if unamended, the Finance Bill will set in statute this profound unfairness, and that is what amendment 4 seeks to address.

Mr. Don Foster (Bath) (LD): The hon. Gentleman is right to reflect on the debate that we had on 13 May. During that time we all kept quoting the figure of 22 per cent., as he just has. Is it not the case that the actual rate that the bingo clubs will be paying is 27 per cent. because the Government failed to take account of the effective rate, which includes the unrecoverable VAT, worth a further 5 per cent.?

Stewart Hosie: That is absolutely right. I know that the hon. Gentleman went over that point in some detail during the last debate on this topic, and I would expect him to do so again.

On the point of the unrecoverable VAT—or of VAT in general—and the most recent history of the Government's appalling behaviour in relation to bingo, there is one qualitative difference between the debate today and that on 13 May. It is highly relevant to what we are talking about today. HMRC, as I understand it, has announced its intention to appeal the recent High Court decision, which followed the May and August VAT and duties tribunal that upheld Rank Group's respective claims that the inconsistent application of VAT on interval bingo and gaming machines contravened the EU principle of fiscal neutrality. We do not yet have a date for the Court of Appeal hearing, but it is likely to be next year.

3.30 pm

That is vital, because the Government argue that the sector will benefit from the removal of VAT with an increase in gross profits tax to 22 per cent. The sector and I, however, will argue that that is false because the rulings that we have had so far would tend to indicate that the Government were never entitled to levy the tax or collect that revenue in the first place.

I do not want to pre-judge the appeal, but as the Government have lost the first two rounds—the VAT and duties tribunal and the original High Court case—it appears to me that there is no certainty that the Court of Appeal will come to a different decision next time round. That means that we are voting on a point of principle about unfairness and, more important, on the impact of the rise of GPT from 15 per cent. to 22 per cent. on bingo clubs, communities, jobs and tax yield. I would argue, given what we have seen in the recent history of the bingo sector, that the implications of that tax have the potential, at least, to be pretty nasty in communities around the country.

Let us gently remind ourselves that the sector provides good quality community facilities and safe environments, mainly for women, in mainly working-class communities. The bingo companies invest in the clubs in those communities. That entertainment and investment might well be lost if, as we have seen, more clubs over and above the 40 that have closed recently close in the next few years. The sector provides employment and, again, the jobs are mainly based in working-class communities. If those jobs are lost now, with unemployment rising, employment falling and vacancies coming down massively, those lost jobs might be lost for good. The Government's old argument was that people who lost their jobs in bingo clubs could find new jobs elsewhere, but that becomes less valid as each day passes, as unemployment rises and as the number of vacancies comes down. We have already lost 4,000 jobs.

Mr. Mike Weir (Angus) (SNP): My hon. Friend is making a very powerful case. In Montrose, the local Gala club has closed down and it is very difficult for its former employees to find alternative jobs. The same sort of businesses in the town, which might have taken up that slack, are also suffering in the recession.

Stewart Hosie: That is absolutely right. The closure of the club in Montrose was a tragedy for the town and for the borough. The jobs have been lost and my hon. Friend is right that it is difficult for those people to find replacement jobs. In the current climate, it is also nigh-on impossible to identify any other business that would seek to reinvest in such community facilities given the rate of returns, not least when we take account of the cost of borrowing money to invest in new facilities to replace those that are being closed.

Hywel Williams (Caernarfon) (PC): In my constituency, the club has received substantial investment recently. The companies have a good track record of investing their money in local communities, which need such facilities.

Stewart Hosie: That is absolutely right. We see the large clubs, the well-run clubs and the millions of pounds that are required to be and are invested and reinvested year after year, on a cycle, to refurbish them and bring them up to speed so that they continue to provide the good quality facilities that we all have in our constituencies. We do not want to see any of that investment lost.

Of course, it is not about investment, jobs or community facilities. As the clubs close, business rates fall, income tax take goes down, national insurance yield goes down, benefit costs increase and, of course, community facilities close. For all those reasons, we need to ensure a level playing field and fair taxation and to remove this quite extraordinary burden on bingo—of all sectors—when compared with all other gaming sectors.

Mr. Redwood: The hon. Gentleman is making some interesting comments. Does he have any forecasts of how many clubs might close, and of how much loss of revenue there could be in total?

Stewart Hosie: I do not have forecasts, but I suspect that the industry will be anxious that its pressure on the Government is successful so that we can avoid the eventualities to which the right hon. Gentleman refers. However, I am sure that the profitability of all clubs, and their investment profile over the next few years, is being looked at. In the recent past, 40 or so clubs have closed with 4,000 or so job losses, so we can see the sort of picture that might emerge if things remain very difficult.

Amendment 4 would keep the duty at 15 per cent. but amendment 5, also in my name, would delay the implementation of the change until 2010. The advantage of that is that at least we would have the certainty of the outcome of the Appeal Court hearing.

I shall listen to what other hon. Members say in the debate, but my instinct is to ask to press amendment 4 to the vote. Holding the rate at 15 per cent. is better in principle than simply seeking to delay the change, as that might give rise to a grey area. As I said, I shall listen to the debate, and especially to what the Minister says.

I said at the beginning of my speech that I had reread the debate from 13 May, to which the hon. Member for Hammersmith and Fulham made an extremely important contribution. He said:

> "We have no wish to widen the gaping hole in the public finances. Instead, we wish to prevent the Government from pre-empting the legal process through this sudden change to their system—after all, it was the Government themselves who launched the appeal to the High Court."—[*Official Report*, 13 May 2009; Vol. 492, c. 970.]

He was absolutely right. He backed the amendment, as did many of his Front-Bench colleagues, including the hon. Members for Fareham (Mr. Hoban) and for South-West Hertfordshire (Mr. Gauke), as well as the Opposition Treasury Whip, the hon. Member for Rochford and Southend, East (James Duddridge) and many others. The Government have announced their intention to appeal the High Court decision, so today's debate on an identical amendment is framed in terms that are precisely the same as those that he used to define the debate on 13 May.

Mr. Hands: I thank the hon. Gentleman for giving way. He is being quite accurate, but he is leaving out an important piece of information. He was not present for it but, in the interim between this debate and the debate of the Committee of the whole House, there has been a vote on clause 112 of the Finance Bill, which would remove VAT from bingo. That is relevant to today's debate.

Stewart Hosie: I understand the black-hole argument perfectly clearly, but it does not apply here. The tribunals and the first High Court decision told us that the Government were not entitled to that VAT in the first place, and the Appeal Court ruling may confirm that. If the argument is that some of the Red Book's revenue yield forecasts will have to be changed, I refer him to what many Opposition Members have said. They have described the Red Book as "difficult to believe", and I shall put it no more strongly than that.

Mr. Hands: I thank the hon. Gentleman for giving way again. I think that he is referring to the assertions that I and various right hon. and hon. Friends have made about some of the growth forecasts and income projections for future years. It is very important that a proper distinction is made between what the Treasury will take in this year, and what it will get in future financial years.

Stewart Hosie: What I am trying to do is prevent members of the Conservative Front Bench from wriggling out of their responsibilities to the bingo sector—and, more importantly, to bingo club members up and down the country. It is vital that we keep the assets and the jobs, and all the income and duty yields from national insurance, income tax, corporation tax and business rates. For all those reasons, we reject the proposal to raise the rate to 22 per cent. We must keep it at 15 per cent. and, on a point of principle, deliver fairness across all forms of gaming. Bingo must not be left hung out to dry.

Mr. Eric Illsley (Barnsley, Central) (Lab): It is always a pleasure to follow the hon. Member for Dundee, East (Stewart Hosie). As he points out, we have rehearsed these arguments previously, but he is right to say that the argument is about the closure of amenities for our constituents, the threat to bingo clubs and the facilities that they provide throughout the country, and the consequent job losses when such clubs close.

The hon. Gentleman referred to the history of the argument, beginning with double taxation. The bingo industry has long argued that it is the only form of gambling subject to double taxation, with VAT levied on participation fees and gross profits tax on the overall profits of the industry. The industry argued for some years that it should be given parity with bookmakers, casinos and the internet, where harder forms of gambling take place, with larger sums of money, yet those are not subject to double taxation. For example, when someone walks into a betting shop to place a bet on a horse race, there is no charge involved in placing that bet.

[Mr. Eric Illsley]

When I was preparing for today's debate, it occurred to me that we could go back a few years to arguments about bingo and other forms of gambling when advertising for bingo was not allowed, although it was allowed for other, harder, more commercial forms of betting. We seem to be involved in a similar argument now. There appears to be a bias against the bingo industry. In Committee on 13 May we explored the arguments, which were ably outlined by the hon. Gentleman. As a consequence, the Government undertook to remove the burden of double taxation in the Bill by removing VAT on participation fees.

Double taxation is not the only problem facing the industry. There are other issues, which have been outlined in the House previously—the general economic situation, the smoking ban and other issues, which the industry accepts and which we are not using in support of that industry. The present argument is about the level of gross profits tax and the ending of double taxation—the double-edged sword of increasing gross profits tax to 22 per cent., without giving the industry time to adapt to the removal of VAT on participation fees, to see where those funding streams were likely to settle. There is an argument over the figures, as the hon. Gentleman pointed out, and there is some argument about the amount of VAT raised.

My own constituency has suffered a bingo club closure. As I mentioned in the last debate, the remaining bingo club in my constituency has a membership of more than 20,000. These are important facilities in our constituencies. They have a large membership and it is important that we keep them as an amenity. The loss of a bingo club is a huge loss to the community, particularly if it is the only bingo club in town and a large number of people have to find an alternative leisure facility or go to another town to join another bingo club if that one remains open.

Mr. Weir: I strongly agree with the hon. Gentleman. I have experienced the same thing in my constituency, in Montrose. It strikes me that there is another aspect to the argument. Anyone watching certain TV channels will notice a huge growth in online bingo. I wonder whether it is healthy for people to sit and play bingo on a computer, rather than going to the more social setting of their local club.

Mr. Illsley: The hon. Gentleman makes a valid point. I am not sure that it is healthy for anybody to sit in front of a computer terminal for any length of time, whatever they are doing. That relates to what I shall say shortly when I compare bingo with other forms of gambling. As opposed to someone sitting in front of a computer terminal at home with a credit card, playing bingo in relative secrecy, people play bingo at a club in an environment that is protected, regulated and managed. People are looked after by the management of the clubs, which by and large is good.

The industry looks to the Government for support, in view of the closures, the double taxation and the losses. It welcomed the ending of double taxation, as I have said. There has been considerable support across the House for ending double taxation and for the bingo industry; 129 Members have signed an early-day motion in support of the bingo industry, such is the popularity of bingo and the concern felt by hon. Members across the House about the effect of closures on their constituency or locality.

3.45 pm

As the hon. Member for Dundee, East, mentioned, gross profits tax has increased from 15 to 22 per cent. That is a 46 per cent. increase in GPT. Even without going into the mathematics—even just looking at that increase—one can say that the fact that there was a 46 per cent. increase in GPT after VAT was removed tends to suggest that there was some compensating on the part of the Government. With that substantial increase, they are giving with one hand and taking back with the other.

It is on the VAT and GPT figures that the industry and the Government have once again parted company. The Government maintained, and Ministers said in a previous debate, that the overall taxation on bingo had fallen from about 34 per cent. to about 26 or 27 per cent. I think that the hon. Member for Bath (Mr. Foster) said that it was 27 per cent., taking into account other factors. The Government's estimate in the Red Book is that they will lose £50 million of revenue in VAT losses, but will gain £35 million from GPT, leaving a net gain to the industry of £15 million. It is those figures that the industry disputes. It does not believe that those figures are accurate or sustainable. I understand that the Bingo Association has provided the Government with figures to try to show that there is a dispute about the Government's numbers.

The same end result—an advantage of about £15 million to the industry—could be achieved with a much lower rate of GPT, because the VAT receipts are lower. I have in my hand figures provided to me by the Bingo Association that demonstrate that, but I do not profess to understand everything on that piece of paper. Having surveyed 592 bingo clubs across the country, the industry is saying that if we assume a VAT rate of 17.5, and not 15, per cent., and a GPT rate of 18, and not 15, per cent., main-stage bingo would raise something like £20.8 million in VAT. Interval bingo would raise £39.8 million in VAT. There would be irrecoverable VAT at £21.7 million. That would leave an overall VAT figure of £38.9 million, balanced by GPT figures of £23.3 million. That would leave a balance in favour of the industry of £15.6 million. Those are the figures put forward by the industry to contradict the Government's figures in the Red Book. As I shall say later, the industry would like further consideration of the VAT and GPT figures that it has provided, because it feels that it can achieve the figures in the Red Book without such a huge hike in GPT.

Nia Griffith (Llanelli) (Lab): Has my hon. Friend had representations from constituents who have looked at the figures for their local club, and who, in some of the smaller clubs in particular, find that the change in VAT is not bringing them the benefits that they were told it might? Is he concerned that some of the smallest clubs will therefore have the hardest time?

Mr. Illsley: I am grateful to my hon. Friend for that intervention. I had not had that information, but she has made the point eloquently. I agree with her that it will be the smaller clubs that feel the pinch. Obviously,

the bigger companies are more able to stave off losses, but at the end of the day the effect will be felt by the whole of the bingo industry.

Mr. Bone: The owners of my local bingo club in Rushden, Flutters, made a very powerful point: the club needs renovating, but they will not renovate now, because they cannot claim back the VAT as they previously could have done.

Mr. Illsley: The hon. Gentleman makes an interesting point, and I am sure that the situation throughout the industry will lead to similar instances elsewhere.

Even though the Government have halted VAT on participation fees, the industry still warns of further closures, and they are continuing. That suggests that the industry is still adversely affected by the changes to the taxation regime: it still hurts the industry to the point that more clubs are closing down. That suggests in turn that the industry's figures might be right and the Government's optimistic, because it is generally agreed that the Red Book VAT receipts figure of £50 million is something of an estimate. It is not that well defined. Perhaps the Government could look at the figure again, with the industry, to see whether there is a way forward.

The industry maintains that it is more heavily taxed than other forms of gambling, as the hon. Member for Dundee, East said. His amendment seeks to retain GPT at 15 per cent. to maintain that parity, and he made a strong argument for it. Again, he mentioned casino GPT, which is on a sliding scale. If that were applied to bingo clubs, it would give all bingo clubs an effective rate of 15 per cent., because of the banding that applies to the casinos.

The hon. Gentleman went through the reasons why we should support bingo, and I shall quickly touch on them to reinforce them, yet again, on behalf of our constituents. It is a softer form of gambling than others, such as internet gambling, casinos and so on, and it is attractive predominantly to women. Many women enjoy going to bingo clubs in groups, and sometimes with their husbands or whoever. They feel safe, it is a protected environment, they are looked after, and they cannot gamble too much of their money away. Daytime bingo sessions are sometimes the only entertainment that elderly members of our communities get in the week, and people very much look forward to going out with friends to enjoy bingo in the afternoons and so on. Those are often social occasions, and bingo clubs are a social amenity, but once they are gone there is little alternative other than, as the right hon. Member for Suffolk, Coastal (Mr. Gummer) said, online bingo in front of a computer screen, daytime TV or whatever.

Let us compare bingo with forms of gambling that are unregulated and not subject to the same regime, such as internet gambling, poker and in-play betting. I am not opposed to in-play betting, but we see adverts in the middle of a football match and we can imagine them playing in a public house, where at half time someone comes on saying, "Bet in play. You can bet on the next corner, goal or booking". If drink is involved and lads are watching a football match, a lot of money could be spent over the telephone betting, yet we are not doing anything about that form of gambling. We are, however, coming down pretty hard on bingo, and allowing closures to take place that affect a very soft form of gambling.

I now turn to the amendments. Obviously, I support and have added my name to amendment 4, tabled by the hon. Member for Dundee, East, which would return bingo to parity with other forms of gambling and retain the 15 per cent. rate. I think that it was the hon. Member for Wellingborough (Mr. Bone) who referred to casinos, and the amount of money gambled in casinos is vast. We read in the newspapers stories of people losing tens of thousands of pounds in an evening in a casino, yet that will be taxed at 15 per cent. Bingo is a relatively modest form of gambling, yet that taxation is going up to 22 per cent. Where is the logic? The rate of tax on a form of gambling for the rich and privileged is lower than that on a very soft form of gambling for predominantly working-class people. I cannot see the logic of that. If we are to tax any gambling at 22 per cent., it should be the harder forms, including the gambling done at casinos.

Amendment 22 would make bingo duty chargeable at 16 per cent. rather than 22 per cent., while amendment 23 would make bingo duty chargeable at 17 per cent. I should have tabled a further amendment to make it chargeable at 18 per cent., because the figures provided by the bingo industry are based on a GPT figure of 18 per cent. The industry says that, on the basis of its figures, an increase in bingo duty to 18 per cent. would provide the same amount of money as that suggested in the Red Book. Furthermore, it could live with that; it would find that acceptable.

The amendments were tabled on the basis of figures provided by the industry, which maintains that those figures are more accurate and relevant to where we are at the moment. Through my amendments, I am inviting the Government to reconsider the figures, perhaps with the industry. They should consider a rate of 18 per cent., 17.5 per cent. or whatever. They should also look at the VAT figures suggested by the industry and the VAT returns, and get a more accurate prediction of how the bingo industry will be affected by the changes. The Government should try to determine a rate acceptable to the industry, to Members of the House and to our constituents. That would probably mean an end to the closures.

Amendment 24, also in my name, is similar to amendment 5, tabled by the hon. Member for Dundee, East. It would delay the implementation of the changes. I shall not add to the hon. Gentleman's comments about the court case, but there seems to be a sensible reason to delay the implementation of the measures and either return to parity or renegotiate with the industry until the court case has been decided. There is room for negotiation with the industry, to find out the true figures for the irrecoverable VAT and the returns from GPT. I hope that the Government will consider the amendments and the bingo industry figures, which I feel they have in their possession. I hope that they will think again.

Mr. Gummer: I should start by saying that I am not a supporter of gambling; I do not like it or approve of it and I find it a pretty boring and unattractive way of spending money or time. However, I should not be imposing my views on the rest of the population. Clearly, large numbers of people get great pleasure from forms of gambling that do minimum harm, and I would have thought that bingo was one of them.

[Mr. John Gummer]

If I were trying to raise money to plug the enormous gap that the Government have created in the national finances, I would be considering the forms of gambling that manifestly do cause significant harm. In casinos, for example, people with more money than sense waste it in a way that is probably socially undesirable. Would it not be much better to increase the tax on casinos and decrease the tax on bingo? That seems an extremely logical argument—so logical that it is difficult to understand why the Government have not accepted it already. However, I have to say that the Government seem to be the most illogical I have ever had to deal with; they seem unable to see simple things in a simple manner.

In my constituency, bingo is concentrated in Felixstowe, a celebrated holiday town. It has a large number of older people, and bingo is an important part of the service that it provides for its residents and for people who come into the town. I want it to go on doing that. It employs people and provides others with something that they obviously enjoy and choose to enjoy. Why on earth should they pay more for that enjoyment than people who go off to Aspinalls and other such gathering places and watering holes? There is an innate snobbishness in this Government. They do not want to have a go at the people who go to the smart places along Curzon street and the rest—they do not want to fall out with them, oh no!

4 pm

Mr. Jeremy Browne: Is the right hon. Gentleman suggesting that Lord Mandelson and other key figures in the Government do not enjoy going to bingo clubs in their spare time?

Mr. Gummer: I can imagine the noble Lord in many circumstances, but I had not thought of the bingo club as one of his habitual areas of interest. However, I do not want to make a personal comment about Lord Mandelson, although of course the opportunities are enormous.

There is a continuing theme of insensitivity throughout the whole Finance Bill. The Government seem to have no understanding of how what they are proposing will affect ordinary people. I cannot understand that. The Minister is somebody we all admire; we find her interventions most interesting and she is always most courteous in giving way. I cannot believe that she really wants to subsidise the people who can afford to go to casinos by charging more to the people who go to bingo clubs, and yet she has been defending a change in the taxation system that means that the poorest people are subsiding those who are richer. That does not seem very sensible, but she has defended it. No doubt—I fear this is inevitable—she will get up to explain why it is basic to Labour doctrine that the poor shall subsidise the rich. I find that pretty obnoxious.

Yesterday there was a very impressive speech—I am sure that you heard it, Mr. Deputy Speaker—by the right hon. Member for Birkenhead (Mr. Field). The only thing that I disagreed with him about was his belief that only Labour Members have the poor at heart. I hope that a much larger constituency in this House believes that the reason we are here is to defend those who are least able to defend themselves, not only in terms of their liberties but their ability to exist comfortably in society, to earn a decent living, and to maintain their families in decency. That is why I came into this House. I do not like bullies of any kind; I want to stand up for the bullied rather than the bullies. This Government are constantly standing up for the people who can stand up for themselves, and not standing up for those who cannot. That is why I stand up for a lot of people whose enthusiasm I do not share, in the belief that they should be able to have it and be protected by this House in doing so. We should not only try to ensure that they pay the same level of duty as on other forms of betting but suggest that it might even be a comparatively lower one.

These people have already been hit very hard. I do not think the Government have ever really come to terms with some of the by-blows of their decision on smoking in public places. As an enthusiast for the environment, I am fed up with the fact that we have increased emissions in this country caused by outdoor heating that enables people to smoke outside pubs because nobody was prepared to take the sensible view that a room where no one was serving could be put aside for those who wanted to smoke. No, that could not be done—that was against the theology of the policy—so now we warm the heavens in order that people can smoke outside.

We must also face the fact that the smoking ban has had a direct effect on bingo clubs. I rather like a former Home Secretary who got into terrible trouble for suggesting that the ban would affect his poorest constituents most. I am not arguing that case again; I am merely saying that it has had a real effect on areas where people with limited means, and often with homes that are less comfortable than those of the Exchequer Secretary and her ministerial colleagues, gather together somewhere warm, pleasant and light where they can enjoy themselves. Now they cannot smoke, which may be good for them, but if we are also going to tax them heavily on their bingo because that might be good for them, that is an aspect of the nanny state that I could well do without.

It seems to me that if my constituents want to play bingo, they should be able to do so at a cost that is as low as we can provide for. The taxation should therefore at least be fair, which argues for a lower rate than forms of gambling that only people with greater resources can indulge in.

The Government are doing a most peculiar thing in first lauding themselves for doing something about double taxation and then proceeding to ensure that they make up for it by having bigger single taxation. That does not seem to me a wildly clever argument, because it does not convince anybody. Nobody thinks that the Government are actually being helpful; people just think that they are clearing up an embarrassing anomaly and deciding that they will get the money back in any case.

How much more sensible it would be if the Government came to the House and said, "We're going to tax the rich more than we do the poor. We're going to put up the tax on casinos sufficiently to make up for the taxation reduction that we're going to make on bingo halls." That is the sort of thing that I would expect from a Labour Government, but we now have to look to the Conservatives for every kind of social support for which we used to look to the Labour Benches. That is true right across the board. On every criminal justice Bill, I have time and again voted to the left of the Labour

party. When we came to discuss the Iraq war, I voted against it because I thought it was wrong, and the Labour party voted for it. Now I have to vote for the poor on bingo, because the Labour party wants to tax them more.

What is really happening is that we are seeing the social revolution that will end on 8 May or whenever it is, when a Conservative Government committed to the poor replace a Labour Government committed to the rich. The public will welcome that with open arms.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): May I just ask the right hon. Gentleman what his position is on his party's inheritance tax proposals?

Mr. Gummer: I might ask the hon. Gentleman what his position on his party's proposals—

Mr. Deputy Speaker: Order. Fascinating as those views might be, they have no place in the debate on this particular amendment.

Mr. Gummer: I am sure that I can be guided by you on that matter, Mr. Deputy Speaker. I wish I could not be.

We are now facing a Government in disarray. This is another small example of a Government who have lost the plot on every issue, of their just not thinking things through, not recognising what they are doing and not listening. It is not just the Prime Minister who does not listen; nobody else does either. There is a commonality of deafness that is much more serious than swine flu. It is a really serious problem, so I ask the Exchequer Secretary, who is a sensible Minister, to listen to us on this. She must recognise that it does not do the Government any good constantly to push forward with measures that disadvantage the already disadvantaged and advantage those who have already got enough.

It is time we recognised that there are serious gambling issues to consider. Online gambling is particularly serious: people do it in their own homes, in entirely uncontrolled circumstances, with no peer pressure or concern and no one to see. That is where the danger comes, and I would much prefer the Government to attack that through taxation than bingo, which is largely a happy, cheerful activity indulged in by happy, cheerful people who used to vote Labour.

Ms Dari Taylor (Stockton, South) (Lab): I ask the Government to think again. The argument has been well presented three times in the Chamber that bingo is a pleasurable activity for many people, often the elderly and those on low incomes. It is clear that we all want the Government to reconsider.

I support the amendments that my hon. Friend the Member for Barnsley, Central (Mr. Illsley) has tabled, and if the Government give us no room for manoeuvre, I will vote for the amendments and against the Government. I do not do that easily, but I will do it.

It is important to understand that although Mecca thoroughly celebrated the removal of VAT, unrecoverable VAT has become a factor. The industry needs time to work out whether the funding stream is adequate and can ensure the quality and delivery of bingo halls—we do not know that yet. We know that the industry says that it can achieve the Red Book estimates and it wants time to do that. I therefore say to my hon. Friend the Exchequer Secretary, who has been a friend for many years, that the Government must show us that they will think again.

I think that we would all like gaming and gambling to be treated equally, but they are not. If the measure goes ahead, there will be bingo online. The right hon. Member for Suffolk, Coastal (Mr. Gummer) could not have introduced that issue better or more colourfully. Casino online and poker online, sports betting in betting shops, betting exchanges and football pools will all end up with 15 per cent. tax, though that does not apply to casinos. Yet bingo will face tax of 22 per cent. That is not fair.

Not only the money aspect but the other side of the coin concerns me. We speak passionately in the House about the leisure facilities that we would like afforded to our young people. We focus on that appropriately. However, there are not many discussions in the House about the leisure facilities that we should support for our elderly. Indeed, I do not think that I have ever heard a discussion in the House about that. We have talked about free bus travel, which is excellent, but we are considering a leisure activity. I am talking about 400 to 500 people who twice a week go to a pleasing environment, where they meet up—it is very sociable—eat a good meal for a reasonable price and thoroughly enjoy the afternoon or evening. They hope that they will win, although they often do not, but that is part of the game.

We should appreciate that those 400 to 500 people, who are on low incomes and retired, are spending time in pleasing surroundings, having inexpensive fun in a controlled environment. Again, the right hon. Member for Suffolk, Coastal made it clear that the environment is controlled, not only because people watch how much each other spends or perhaps drinks, but because if one person does not show up, a network starts up, with people asking, "What's happened to old Fred?" and there is serious concern. For me, therefore, bingo is a critical bit of kit.

4.15 pm

I was once asked to call the numbers. I stress once; I was not exactly good at it, so I was not asked to do it again. The elderly thought that I was a deplorable caller; the management thought that training might possibly have helped. However, for me, it was important to see what was happening and to be part of it.

People have spoken about the employment opportunities. A critical aspect of those opportunities is that 70 per cent. of those employed in bingo are women. Bingo is an easy piece of the employment world for women to fit in with their families or their age, perhaps because their levels of activity are much more controllable in that environment than they would be in many others. We are talking about a particular group of women. They do not earn a fortune, but they earn enough to make life bearable. However, it is not just that those employed in bingo are women. Oftentimes, Mecca Bingo—and, I am sure, other organisations—give training. Youngsters get national vocational qualification opportunities.

All round, bingo is a good leisure activity which we should support. I therefore ask those on my Front Bench—I am asking them very carefully—please to think again. None of us will object to their thinking

again; indeed, the whole House will appreciate it. Bingo is a small part of leisure activities overall and it will produce a small amount of money for the Treasury. However, that amount will be smaller if there are further club closures on top of the 90 clubs that have closed so far. Surely spending that small amount is worth while given that so many people enjoy so much from the activity.

Mr. Hands: Remarkably, clause 20, on the taxation of bingo, has attracted more amendments than any other clause in this year's Finance Bill, which reflects the Government's botched approach to such an important sector.

I spoke for more than an hour on clauses 20 and 112, and I hope to speak for a rather shorter time today. However, let me make the Opposition's position clear from the outset. We cannot see any reasonable or logical justification for bingo to be taxed at 22 per cent. while the remainder of the gaming industry is generally taxed at 15 per cent. We would like the anomaly to be rectified as soon as time and the public finances allow it. However, rather like the hon. Member for Barnsley, Central (Mr. Illsley), we have found it incredibly difficult to get any sense out of the Treasury about its figures on either bingo or the ongoing court case, the consideration of which formed the centrepiece of our amendment in the Committee of the whole House, which took place two months and two Exchequer Secretaries ago.

Mr. Mark Field (Cities of London and Westminster) (Con): Although I do not necessarily share the anger about casinos expressed by my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer), not least because many are in my constituency, I am fairly positive about a lot of the online offerings. What is most perverse, however, is that online bingo is charged at 15 per cent., yet bingo in a club, which has so many desirable social outcomes, for all the reasons so adequately pointed out by the hon. Member for Stockton, South (Ms Taylor), is charged at 22 per cent. That is a quite ludicrous state of affairs.

Mr. Hands: I thank my hon. Friend for that intervention. We touched on that issue in the debate on clause 114, which covers the duty on online gaming. As was pointed out, there is now an incredible anomaly, in that playing online bingo will now attract far less tax. Surely we should all recognise the social benefits of bingo clubs for their clientele. It is therefore an incredible anomaly that we should be taxing the online version significantly less than the club version.

The Bill's consideration in Committee of the whole House was, as I said, some two months and two Exchequer Secretaries ago, and we have seen some amazing figures since then. During the debate on clause 20 in May, I questioned the Government's figures for the cost of removing VAT from participation fees—in other words, the theoretical cost of the linked clause 112, which we have already debated. I was referring to the cost assuming that VAT was being paid in all areas.

We have now obtained more information on how the Government arrived at their figure of £50 million, through the answers to some written questions. On 18 May, the Financial Secretary to the Treasury replied that the cost of removing VAT on main-stage bingo—the standard form of the game—was some £20 million. In one of her few acts during her short-lived nine-day reign in the Treasury, the hon. Member for Burnley (Kitty Ussher), the current Minister's immediate predecessor, added on 10 June that the cost of removing VAT on interval bingo—the newer form that the High Court ruled on in the VAT tribunal case—was some £25 million. That adds up to a total of £45 million. As I said in the Public Bill Committee, I therefore assumed that the remaining £5 million of the £50 million related to participation fees on equal chance games other than bingo—principally poker.

That is the estimate relating to the £50 million in the Red Book, as I see it. In any case, the estimates for 2009-10 back up the argument that I made in the debates on clauses 20 and 112 that the industry will, in practice, pay more as a result of all the measures in the Finance Bill. We are not aware of any major operator paying VAT on interval bingo and, after the court ruling, it is hard to believe that any operator would even contemplate doing so. As I have said, a number were also withholding VAT receipts on main-stage bingo, and that number is now likely to swell. It is reasonable to conclude, therefore, that actual receipts would have been below £20 million for 2009-10, before the court ruling, and that they could now be zero.

However, the Red Book shows that the increase in bingo duty is expected to raise £35 million. Far from reducing the effective tax rate, as the Minister's pre-predecessor insisted, the Government's proposals appear to constitute a tax hike of at least £15 million. This matter cropped up yet again in the Budget debate, and the Financial Secretary was wide of the mark when he said:

> "Overall, the announcements in the Budget on the taxation of bingo are welcome to the industry."—[*Official Report*, 23 April 2009; Vol. 491, c. 434.]

I found that absolutely extraordinary, but the point is that no one really knows for sure, because the Government refuse to be definitive.

The current Exchequer Secretary, who is with us today, told us during the last sitting of the Public Bill Committee on 25 June:

> "The £50 million is made up of the cost of recovering VAT on mainstage bingo, interval bingo and card rooms. The roundings are to the nearest £5 million, so although £20 million, £25 million and £5 million are not exact figures, they show the proportions."—

That is an extraordinary lesson in mathematics: figures of £5 million, £20 million and £25 million can all be subject to a rounding error of £5 million. Yet that is what the Red Book calculations are based on. It is absolutely amazing.

Stewart Hosie: Can the hon. Gentleman think of any other Government assessment where it is possible to be out on three figures by 100 per cent., 25 per cent. and 20 per cent. on the basis of rounding?

Mr. Hands: The hon. Gentleman's intervention speaks for itself; he makes his point extremely well.

The Government are being evasive, to say the least, on the figures, and I am afraid that the Exchequer Secretary's letter to the Committee on 1 July did nothing to clear the matter up. I would be grateful at last to receive an explanation of where the figures come from.

In the letter, the Minister reiterated that the estimates for VAT revenue in the Red Book were rounded to the nearest £5 million. Unfortunately, that leaves some confusion about whether the figures revealed in written answers subsequent to the publication of the Red Book, but before the debate in the Public Bill Committee, were rounded to the nearest £5 million. I think that the implication is that they were. The Minister said:

"I do not know the exact details of everything".—[*Official Report, Finance Public Bill Committee*, 25 June 2009; c. 618.]

That was certainly the impression that she gave, and her letter has served only to confuse the situation still further.

The industry has raised yet another concern about the Treasury's methodology. We heard in previous debates that the Government's revenue figures are based on their interpretation of the law, and not on the actual sums that they have been receiving. However, bingo operators are now suggesting—this was the point raised by the hon. Member for Barnsley, Central—that the Government failed to account for irrevocable VAT when producing the estimates. One industry estimate—we have probably seen the same estimate—put the total incremental irrevocable VAT at £21.7 million a year, assuming that it returns to a level of 17.5 per cent. next January. It is possible for the Exchequer Secretary to be precise—we have seen it, and she wants to be precise. Therefore, I invite her to answer right now whether the Treasury accounted for the irrevocable VAT and, if it did, what was the figure—preferably not rounded to the nearest £5 million—that applied in that case?

The Government are extremely unwilling to provide meaningful figures on the costs of changes in gaming duty and VAT on bingo, yet they have asked us to consider the totality of measures in clauses 20 and 112. That makes it difficult, if not impossible, for us to judge the fiscal effects of any of the five amendments before us.

Meanwhile, we have only just this week learned that the court action that Conservative Members, and the hon. Member for Dundee, East (Stewart Hosie), referred to in our deliberations on clause 20 and 112 is still ongoing. The Minister was thus wrong to tell us that the Government had until 30 June to make a decision on the appeal. That was wrong: she had longer and she used the longer period to make the decision. As it turned out, the Government had until this week and they have now appealed, despite the Minister's assertion about the expiry date. We understand that the case will now go to the Court of Appeal. We tabled an amendment in the Committee of the whole House to the effect that no changes should be made until the court case was resolved. The fact that the proceedings are ongoing is important information for our deliberations today.

Given the level of uncertainty on both the legal and the revenue fronts, it is very difficult to assess the likely impact of any of the five amendments. Furthermore, we have already voted through the ending of VAT on bingo in clause 112, so we need to be careful to maintain a balance in the tax consideration of bingo while being mindful of the appalling position of the public finances that the Government have brought on us all. The Government are holding their cards close to their chest on the amount of revenue, but if they were to support one or more of the amendments and show us that they could be afforded in terms of the Red Book, we would look favourably on that.

Let me clarify the Conservative position. The Government seem to think that bingo duty should by its very nature be higher than other gaming duties, but we do not see it that way. We view the 22 per cent. bingo duty as an anomaly. We thus await the Government's moves with eager anticipation. We would welcome moves that were properly costed, affordable and transparent, to bring bingo duty back into line with other gambling duties.

Mr. Gummer: Will my hon. Friend help me on one point? It seems to me that we have to defend the revenue, which is perfectly understandable. The Government woollied their way through yesterday, defending the revenue in one way or another and threatening us with all the awful things that might happen. In case voting for the substantive amendment sends out the wrong signal to those who think that they can get away either with anything or with unfairness, would it not be sensible to vote for the amendment proposing to put these matters off to a later day, on which we could all agree, thereby supporting the revenue and forcing the Government to be sensible?

Mr. Hands: I thank my right hon. Friend for that intervention. The correct course of action would have been for the House to vote in the Committee of the whole House for our amendment, which sought to postpone changes to the taxation of bingo until such time as both the court case and the financial implications had been resolved. Given, however, that we have voted through clause 112, which removes VAT on bingo and is the right thing to do, I cannot agree with my right hon. Friend's position—unless the Government can show that one of the amendments before us can be afforded without leaving a hole in the Red Book.

Mr. Jeremy Browne: This has been an interesting debate. The right hon. Member for Suffolk, Coastal (Mr. Gummer) told us that we had entered a new era in politics, in which the Conservatives were the champions of the poor and downtrodden and the Labour party had abandoned those people. It now transpires that when it comes to deciding whether they are in favour of people who are poor and downtrodden, the Conservatives are minded to abstain. Perhaps that is a metaphor for the wider positioning of their party.

4.30 pm

Let me turn to the matter in hand, which is bingo. I have visited Mecca Bingo in Taunton on a number of occasions, and I was there again last Friday, speaking to staff and customers about their pastime and about the effect that the Government's taxation of bingo would have on them as individuals. I was struck yet again by just how popular this form of activity is in my constituency, and indeed in many towns and cities across the country. Typically, 1,900 people visit Mecca Bingo in Taunton every week, and on Sunday evening, which is the most popular time of the week, the club will have about 400 customers.

I think it fair to say, and indeed we have all observed for ourselves, that this form of gambling is particularly attractive to women—a point made by the hon. Member

for Barnsley, Central (Mr. Illsley)—that it attracts older people, generally although not exclusively, and that it is more attractive to those with lower incomes than, say, visiting a casino. That is inevitably a generalisation, because we are talking about hundreds of thousands of people throughout the country who enjoy bingo, but I think it can be said that bingo is a form of gambling that is more likely to be undertaken by women, older people, and people in lower income groups. It is extraordinary that they should be targeted for a higher rate of tax than those who engage in other forms of gambling.

Mr. Alan Reid (Argyll and Bute) (LD): My hon. Friend is right. Bingo takes place in a controlled environment, and the losses that people can make are very small compared to the almost limitless losses that can be made by those who go to casinos or engage in activities such as online poker or even online bingo. It is nonsensical to tax it at a higher rate than those other activities.

Mr. Browne: I entirely agree. I think it is safe to say that online bingo, for example, is more likely to be undertaken by younger and more affluent people than those who visit bingo clubs. It does seem extraordinary that that form of bingo should be taxed at 15 per cent. while people going to clubs will be taxed at 22 per cent.

Mr. Hands: Is not online bingo also likely to be much more addictive than the bingo hall version?

Mr. Browne: I understand that it is. Moreover, there are no controls in the case of online bingo. Although it may be in the immediate financial interests of a bingo hall to allow a particular customer to gamble beyond his or her means, I suspect that in the vast majority of cases the owners demonstrate a degree of paternalism. They have a fair sense of how much money the regular visitors have and of what it is safe and reasonable for them to spend.

Of course, many people do not go to bingo halls just to gamble. The gambling is often almost a secondary or peripheral attraction. Many people's main reason for visiting the hall is social: they want to meet friends, and catch up on news and developments. When I visited Mecca Bingo on Friday, it was stressed to me that there were many associated attractions, such as the provision of meals and other forms of entertainment. It seems that people regard going to bingo halls as being only partly about gambling.

For all those reasons, it was pointed out for some years that bingo had suffered unfairly from what was described as double taxation, and that the anomaly ought to be addressed. The Government have now done that, but, as the right hon. Member for Suffolk, Coastal rightly observed, in effect they said, "Here you are; we are giving to you with one hand," but just as everyone was celebrating that great victory, the Government took away the benefits with the other. The overall effect on the bingo industry and the people who enjoy playing bingo is that the current situation is no better than it was before.

When I visited Mecca Bingo in Taunton last Friday, it supplied the following statistics to me: across the United Kingdom last year 31 Mecca and other bingo clubs had closed and two had opened, which meant that there had been a net reduction of 29 bingo clubs. Some associated social factors may be at play in such closures, such as generational changes and a greater desire among people to spend more of their leisure time at home. The right hon. Member for Suffolk, Coastal speculated that the smoking ban may also have had an impact in some cases. It is, however, very hard to argue against the notion that the higher tax rate on bingo is making the situation worse, and making it harder for bingo clubs to be profitable.

Mr. David Heath (Somerton and Frome) (LD): Is that not what makes the Government's decision to tax bingo more than other forms of gambling so odd? If their purpose is the suppression of vice, bingo is an odd target, as I am not aware of there being any particular links with organised crime, whereas if the purpose is to increase revenue, it is likely to have the opposite effect because of the consequent reduction in the size of the industry.

Mr. Browne: Absolutely, and I should like to refer to the very subject of revenue. During yesterday's debate, we talked about beer duty. The problem in that regard is that because more and more pubs are going out of business on account of beer duty going up, the base from which the Government are collecting revenue is therefore falling. That is the case with bingo as well. If there is only one bingo club in a town—a seaside resort, let us say—and it is no longer profitable and therefore closes, the customers do not have an alternative place to take their custom. Many of them are unlikely to gamble online, and even if they did so, they would be taxed at a lower rate. The Government therefore forgo revenue as a result of that club closing.

Mr. Gummer: Has not the hon. Member for Somerton and Frome (Mr. Heath) given the clue to this? He says that the purpose may be the suppression of vice. He will, no doubt, remember that in the 19th century there was a Society for the Suppression of Vice and people added to its title, "For those with an income of less than £5,000 a year," because it was not interested in that cause otherwise. This Government have, therefore, carried on a noble 19th century tradition.

Mr. Browne: Let me return to that theme in my concluding remarks, because that is an interesting observation.

As I have said, not only will the Government lose revenue when clubs close, but we should remember just how small the sums involved are. It has rightly been said that the total sums of money gambled on bingo are not great, so in the grand scheme of things the percentage tax take is not very significant. I am told that Mecca Bingo generates profits of only about £150 million a year. Therefore, the additional tax in respect of the differential between the rate that the Government have set and the figure that would be generated were bingo taxed in line with other forms of gambling is only a matter of a few million pounds a year. When one sets that against the backdrop of a public sector deficit this year of £175,000 million, it seems hard to argue that if the motivation behind this tax proposal is to plug the public finances, the Government will get very far using that particular plug.

Let us also consider the wider social costs. Although it is hard to measure those in absolute terms, I have observed—as, I am sure, have other Members—that many people who visit bingo clubs do not have many other social opportunities. The clubs provide those people with all kinds of support that they might not otherwise receive, and it might cost to provide such support in another form.

Most people would regard bingo as the safest and most benign form of gambling, and it is extraordinary that the Government should have got themselves on this hook. The point made by the right hon. Member for Suffolk, Coastal is surely the relevant political one for the Exchequer Secretary to consider. She must think about the sheer staggering ineptitude involved in a Chancellor, and a Department and its officials, not seeing this massive problem coming down the track. I do not blame her, because she was not at the Treasury at the time, but when she arrived and was given this brief she must have thought, "How on earth did the Labour party manage to get itself in a position where it is taxing bingo at a higher rate than other forms of gambling just before a general election?" If I were in her shoes, I would be appalled that I had been given such an impossible hand to play as a Minister and I would wonder whether my Government had completely lost their survival instinct.

If there is one theme running through this Finance Bill, it is that the Government seem to have had an unerring ability to identify groups in society that might be inclined to support the Labour party and to punish them with higher tax. It is no wonder that very few people now vote for the Labour party in elections, because it seems to be systematically trying to pick those people off and give them reasons to vote for other parties. Unless the Minister is able to respond to the concerns raised by her Labour colleagues and by Opposition Members, it will be no surprise if bingo players across the country draw the obvious conclusion, which is that the Labour party is no longer interested in having their support.

Mr. Bone: It is a great pleasure to follow the hon. Member for Taunton (Mr. Browne). As he made many of the points that I wished to make, I shall not repeat them. This is one of those occasions when, if every hon. Member had been here listening to the debate, rather than some of them hiding in their rooms, they would have supported the amendments proposed by those on both sides of the House. I have been sitting here waiting to speak for a while, and one of the pleasures has been imagining the hon. Member for Stockton, South (Ms Taylor), who made such a thoughtful speech, calling "Legs 11" and "Two fat ladies". I really do not think that she could have been bad at that—but I digress.

My right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) made a powerful speech, and I agree entirely with him that the reason why we came into this House was to support the people in our society who are not well off, and who are vulnerable. Members on both sides of the House do that, but I have always believed that the Tory party has stood up for those people. I will be able to show again that we stand up for those people by supporting the amendments tonight.

I wish to discuss the Flutters bingo club in the centre of Rushden, the second biggest town in my constituency. Everyone who turns down the high street to go to the post office or Barclays bank has to go past Flutters—the building is an old cinema—and people who pass by will always be struck by the happiness of the people going in and out of the club. It is a social club as much as a gambling one, and we certainly do not wish to lose such a facility in my constituency. Unemployment in Wellingborough has risen by 84 per cent. since Labour came to power, and I do not want any more people to lose their jobs.

The arguments that I wish to put forward tonight have been submitted to me by the director and the owner of the Flutters club. The club is not a big concern; it is not part of Mecca bingo or some such organisation. This family have been in the business since 1982 and I believe that they run three small bingo clubs, of which the biggest is the Flutters club in Rushden. I am very much looking forward to going to it at 2.15 pm on Friday. Now I am worried that I shall be asked to call "Legs 11" and "Two fat ladies"; we shall see.

The club's regulars are there to socialise, and not really to gamble. The owners see them as part of the family. The club has already been hit by decisions that Parliament has made. The smoking ban, introduced in July 2007, damaged business, but it was supported by the owners of the club. They do not smoke, and they thought that the ban was right for the health of customers and staff. It has also been hit by online bingo. The owners hoped that the Government would not make their life more difficult, but, they say:

"new licensing laws, bureaucracy, and the punitive tax system kept piling on difficulties."

4.45 pm

The owners point out that just as they saw the light at the end of the tunnel, with the Government seeming to recognise that double taxation was wrong and bingo clubs should be treated in the same way as other gambling establishments, along came the proposal to increase the gross profits tax. Hon. Members may think that the GPT is a tax on the profits of a club, but it is not; it is a tax on turnover. Whether a club makes any profit or not, it still has to pay tax on the gross.

It may appear that removing the VAT liability is a benefit for the club, but it will no longer be able to claim back input VAT. The Flutters club is falling a little into disrepair. The owners would like to refurbish, but they have had to put their plans off, because they will no longer be able to claim back the VAT. As their letter says, the owners would have been better off if VAT had been kept, at 17.5 per cent., and the GPT done away with.

As the owners say, the increase in GPT beggars belief. Although they want to continue the club, the danger is that they will have to close if things continue to get worse. Some 20 people would lose their jobs.

Bob Spink (Castle Point) (Ind): The hon. Gentleman is making a passionate and well-informed speech and I agree with everything he says. If the Conservatives ever win power and form the Government, will they cut the tax back down to 15 per cent.?

Mr. Bone: I do not speak from the Front Bench—and probably never will—and my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) spoke with

[Mr. Bone]

great clarity on this subject. I just want to talk about the situation of that small family club in Rushden. The owner makes the point:

"Bingo is a working class pastime. It has amazed me that after 30 years it is a labour government that has brought us to the brink of closure."

He wants to keep the club open because, if it closes, he

"can see all those lovely warm grandmothers, everyone's 'Nan', sitting in a lonely room, waiting to be picked up to go to her bingo night out which she loves. But it's gone. So where can she go now for a night out, with a friend, or on her own because the staff and people are so friendly. Where?"

It is that social element that I do not think that the Government have addressed at all. They must think again.

The owner goes on to say:

"We are not 'casinos' we are not 'bookies', we are totally different, we rely on lots of people so we need big venues, and the spending is small amounts, yet we are taxed 'more heavily'?

I understand the increase in GPT can still be blocked and plead with you to do so, because, in short, it's insane."

Tonight I will do everything I can to block it.

Mr. Don Foster: In many ways, this is an excellent continuation of the debate that we had on 13 May. Indeed, we have heard some of the old favourites—the excellent introduction by the hon. Member for Dundee, East (Stewart Hosie) and the passionate speech by the hon. Member for Barnsley, Central (Mr. Illsley). There has also been some welcome new blood in the debate—not least the right hon. Member for Suffolk, Coastal (Mr. Gummer), who, I suspect, will be bitterly disappointed by those on his Front Bench in a few minutes when we come to vote.

Two things have been a common theme in the debate this evening. First, there is total incomprehension among people on both sides of the House of what the Government are proposing to do about bingo. Not a single person so far has spoken in support of what they advocate, whereas there has been a great deal of support for the variety of amendments before us. Secondly, it has come across loud and clear that not only do people oppose what the Government are doing but there is genuine passion for recognising the importance of bingo clubs in our communities and supporting them. Everyone who has spoken has shown understanding of the importance of what the roughly 600 bingo clubs provide in our communities. They provide much-loved entertainment—largely, as my hon. Friend the Member for Taunton (Mr. Browne), who spoke from our Front Bench, has pointed out, for women, older people and people who are less well off. As we have all said, it is crucial to try to maintain that soft form of gambling so that we do not drive people into much harder forms.

The other thing that has come out in the debate is the fact that there is some surprise at the Government's incompetence as regards getting the figures right. Let us look, as many have done already, at page 153 of the Red Book. It is very clear what the Government think will happen. There is the very welcome removal of VAT on participation—incidentally, may I be the only one to pay tribute today to the Government for helping bingo by increasing the number of machines that clubs can have? However, that removal of VAT, the Government claim, will save the industry £50 million in the first year rising to £60 million in 2011-12. The bingo industry will then lose, through the increase in bingo duty, from 15 to 22 per cent. Many people have pointed out that those figures are meant to be an estimate; frankly, they are total fantasy. We know what is happening as a result of the Government's loss at the EU tribunal in respect of duty on interval bingo, gaming bingo and so on. Many of the companies are not paying that duty. The Government's figures are way out of order.

We have not yet had an answer to the question that the hon. Member for Hammersmith and Fulham (Mr. Hands) asked the Minister about whether the Government have taken account of irrecoverable VAT, but on the assumption that they have not, which I suspect is the case, that is a further example of the figures being way out of line.

The Government have done something that is incomprehensible because it will cause further damage to the bingo industry. Thirty clubs have closed in the past year, and more than twice as many since 2007. Only last week Gala, one of the major companies, announced that a further five clubs would close, and it explained to the Treasury that that was largely because of the taxation issue. No one can understand why the Government are doing something that could be so damaging to something so loved by people in our communities.

The right hon. Member for Suffolk, Coastal, among others, made it clear that there is another matter about which there is total incomprehension. Why have the Government failed to grasp the nettle of dealing with the different issues raised by the various forms of gambling in this country? Soft forms of gambling like bingo lead to very little addiction, but the harder forms like online gambling lead to high levels of addiction. Why can we not have a differential taxation policy, with a lower rate for soft forms of gambling and a higher one for the harder forms?

My hon. Friend the Member for Taunton was wrong about one thing. He said that online bingo was taxed at 15 per cent., but the truth is that it is rarely taxed at all, because the vast bulk of it is run through offshore websites that pay no tax in this country. Even if they are subject to European Economic Area regulation, or whitelisting, they do not contribute to the process. They certainly do not make any contribution, as they should, to the costs of research, education and treatment.

We need a differential tax regime. We certainly should not put the tax up to 22 per cent.; it should stay at 15 per cent. As the protesters in Trafalgar square and Westminster said recently, "One and five, keep bingo alive!"

Sarah McCarthy-Fry: I thank all those who have contributed to the debate, especially the hon. Member for Dundee, East (Stewart Hosie) and my hon. Friend the Member for Barnsley, Central (Mr. Illsley) for speaking to their amendments. I also thank the Front-Bench spokespersons from both Opposition parties, and I am grateful for the contributions from the right hon. Member for Suffolk, Coastal (Mr. Gummer) and my hon. Friend the Member for Stockton, South (Ms Taylor), as well as from the hon. Members for Wellingborough (Mr. Bone) and for Bath (Mr. Foster).

As I am sure has been rehearsed many times, the rate increase is part of a package of measures that includes making bingo participation fees exempt from VAT.

The principal aim has been to simplify bingo taxation; as we know, the industry has been asking for that for many years.

Alongside the removal of VAT on bingo in this Budget, the bingo duty rate of 22 per cent. represents a reduction from a level of around 35 per cent. in 2003. We have to look at the effective tax rate which, on a comparable basis, was estimated at 24 to 25 per cent. before the Budget. The basis of that estimate was explained in some detail to the industry, which accepted it in correspondence with the Treasury before the Budget. However, the industry has since argued that the Red Book costing of the removal of VAT from gambling participation fees was wrong.

Some hon. Members have mentioned the High Court case. We have made it clear in previous debates that costings were based on the law as it stood at the time of the Budget. Key assumptions in the costings came directly from information provided by the industry, so they are not a fantasy. That information from the industry included detailed modelling on the impact of extra irrecoverable VAT, as well as detailed information from smaller clubs.

I have listened carefully to the concerns expressed by hon. Members today and in Committee, and I have read the transcript of the debate in the Committee of the whole House. I recognise the importance of bingo to local communities that has been pointed out by all those who have spoken this afternoon, and that is why we acted to simplify the regime, removing VAT and lowering the effective tax rate to 22 per cent. That is down from the 35 per cent. that was in place as recently as 2003, and it is below the 24 to 25 per cent. range in the pre-Budget report. Let me stress again that that figure was agreed with the industry at the time.

That is not all that we have done. The Gambling Act 2005 removed the 24-hour rule and the old membership requirements. It also allowed bingo operators for the first time to retain stakes, to be paid out as prizes at a later date. The bingo sector has also benefited from changes to gaming machine law, so it is not true that we are not helping it—and of course, the help that we are giving is ongoing. Despite my short tenure in this post, I have already met representatives of the industry, and that consultation will be ongoing.

All taxes are kept under review, but decisions are taken in the round at PBR and Budget time. All the amendments before us today would cost money—up to £35 million a year, depending on the amendment. That would have to be found from tax increases elsewhere or cuts in public expenditure.

I will continue to engage with the industry. I have already asked for evidence and data from its representatives on the points that they have raised, some of which has been received and some of which we still await. The information will be rigorously analysed, as hon. Members would no doubt want us to ensure that the figures are accurate. We can assure hon. Members that we will continue to have discussions on the state of the sector and the impact of taxation in the run-up to the next PBR and Budget. I am afraid I cannot support any of today's amendments, but on my assurance that we will continue to work with the industry, I ask hon. Members to withdraw their amendments.

5 pm

Stewart Hosie: We have had a good debate again. We should have these bingo debates more often. They seem to engender real information and real passion from real Members from real communities, which is always a good thing.

The hon. Member for Barnsley, Central (Mr. Illsley) delivered another excellent defence of bingo clubs and communities, and an excoriating critique of the Government's assessment of the proposed tax changes. The right hon. Member for Suffolk, Coastal (Mr. Gummer) deduced that the Government have a new doctrine—to tax the poor to help the rich. The hon. Member for Stockton, South (Ms Taylor) made a gentle and thoughtful speech, and rightly made the case that the Government should think again.

The hon. Member for Hammersmith and Fulham (Mr. Hands) was right to say that there was no justification for a 22 per cent. tax on bingo. He knows that the Government's VAT assessment is flawed. We have just heard the weakest defence of it from the Minister in her summing up. The hon. Member for Hammersmith and Fulham knows that it is likely that the Revenue was never entitled to levy the tax in the first place, he knows that it takes cognisance, wrongly, of irrecoverable tax. He must not be conned by the Government's attempt to obfuscate. It will be shameful if the Conservative Front-Bench spokesman refuses to back one of the amendments today, when the only person supporting him is the Government Whip. That is how bad the Tory Front-Bench position has become.

The hon. Member for Taunton (Mr. Browne) drew attention to the sheer staggering ineptitude of the Government in not seeing the trouble coming down the track. He was right. He also said with some sympathy that the Minister had been given an impossible hand to play. The hon. Member for Wellingborough (Mr. Bone) spoke about the Flutters bingo club in Rushden. I feel as though I have been in it; the description was so intense and detailed. I am delighted that he said that he would support the amendment. The hon. Member for Bath (Mr. Foster) was right to say that not one speaker backed the Government in the debate, either today or on 13 May, and he expressed total incomprehension of the Government's actions.

The Minister said that the effective tax rate for bingo had fallen. I am not convinced. Even if that is true, I am convinced that it leaves a profound unfairness—22 per cent. as opposed to 15 per cent. across the board. The only question is whether I should ask that we delay this for a year, or whether we should stick to the principle of fairness in the entire gaming sector. I think we must stick with the principle. I hope the Tories will find some principle in the next two minutes, and I seek leave to press amendment 4 to a Division.

Question put, That the amendment be made.

The House divided: Ayes 83, Noes 283.

Division No. 195] **[5.3 pm**

AYES

Beith, rh Sir Alan	Browne, Mr. Jeremy
Bone, Mr. Peter	Burstow, Mr. Paul
Brake, Tom	Burt, Lorely
Breed, Mr. Colin	Cable, Dr. Vincent
Brooke, Annette	Campbell, Mr. Ronnie

Carmichael, Mr. Alistair
Conway, Derek
Corbyn, Jeremy
Cormack, Sir Patrick
Cummings, John
Davey, Mr. Edward
Davies, Mr. Dai
Drew, Mr. David
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Foster, Mr. Don
George, Andrew
Godsiff, Mr. Roger
Gummer, rh Mr. John
Hall, Patrick
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Hoey, Kate
Hollobone, Mr. Philip
Holmes, Paul
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Hunter, Mark
Illsley, Mr. Eric
Jones, Lynne
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kramer, Susan
Laws, Mr. David
Leech, Mr. John
Lloyd, Mr. Elfyn
MacNeil, Mr. Angus
McDonnell, John
Moore, Mr. Michael
Mulholland, Greg
Murphy, Mr. Denis
Öpik, Lembit
Pelling, Mr. Andrew
Price, Adam
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Robertson, Angus
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Short, rh Clare
Simpson, Alan
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Wareing, Mr. Robert N.
Webb, Steve
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wright, Mr. Anthony

Tellers for the Ayes:
John Mann and
Mr. Mike Weir

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Clark, Paul
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Howarth, rh Mr. George
Howells, rh Dr. Kim
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
Macleggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg

Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reynolds, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and
Lyn Brown

Question accordingly negatived.

Clause 25

AGREEMENTS TO FORGO TAX RELIEFS

Mr. Mark Hoban (Fareham) (Con): I beg to move amendment 31, in page 15, line 40, leave out from 'unless' to end of line 9 on page 16 and insert

'they have been made in accordance with section 257 of the Banking Act 2009'.

After the excitement of bingo we move to clause 25, which is less exciting but more important for revenue raising. *[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. Will hon. Members not staying for this debate leave the Chamber quickly and quietly?

Mr. Hoban: Clause 25 creates a legal framework to enable any institution that has taken part in the arrangements set out in subsection (2) voluntarily to waive its tax losses. The clause was required to deal with the particular situation of the Royal Bank of Scotland, which agreed to forgo a certain element of its tax losses as part of its agreement to enter the asset protection scheme. Interestingly, the Government chose to encourage it to forgo its tax losses rather than some of the tax planning activities that the bank carries out on behalf of its customers. I am sure that the Government will be able to justify that later.

This framework has been put in place to deal with the price that RBS will pay to go into the asset protection scheme. It is worth noting that when I tabled a parliamentary question asking about the amount of losses that RBS would forgo, the Economic Secretary gave a vaguely worded answer that rather suggested that no one quite knew. Of course the reason for that is that the agreement on the APS is yet to be signed. It may be some months before that happens, and I suspect that the losses to be forgone will not be finalised until that point.

However, my concern is not so much that RBS has agreed to enter into the APS at a price—that is a deal struck between it and the Government—but about the breadth of clause 25. Subsection (2) creates a situation whereby if a company enters into an arrangement with any Government Department—not just the Treasury—it can forgo its tax losses if there are any guarantees, indemnities or payments. That potentially covers a wide range of schemes. It may cover the guarantees offered to the automotive sector for loans it is seeking from the European Investment Bank. Under subsection (2)(b)(iv), even the scrappage scheme may be covered, as it contains the phrase

"gives other financial support or assistance to P or another person (whether in money or otherwise)."

So even an arrangement in kind could create a situation whereby a company could agree with the Government that in return for such assistance it would forgo its tax losses.

Mr. Redwood: Perhaps my hon. Friend will permit me to go back to RBS. Is he aware that although it would be good news in future if the company had to pay more corporation tax, at the point of sale of the shares back into the private sector taxpayers would get a lot less money because they would get the tax losses forgone knocked off a rather big multiple? This gives rise to a rather difficult situation relating to whether taxpayer value is being protected.

Mr. Hoban: My right hon. Friend, who has a great deal of experience in the City, makes an important point that we did not touch on in Committee: what is the value of the losses forgone, and how will they be valued in the market? That is a point to bear in mind for the future.

As I said, my concern is not so much about RBS as about the breadth of the scheme. My amendment would narrow its breadth by tying it back to the Banking Act 2009, which the Economic Secretary and I spent many happy hours debating in Committee. I sought to link my amendment back to the part of the Act that relates to the provision of financial assistance. That would narrow the range of events in which a company could forgo tax losses to those that relate to any banking bail-outs. That would cover RBS in the context of the APS, but it would not cover, for example, guarantees from the Government for loans made to the automotive sector from the EIB.

[Mr. Hoban]

That is the rationale behind my amendment. When we debated this in Committee with the first of the three Exchequer Secretaries that we had to deal with during the course of our proceedings, the hon. Member for Wallasey (Angela Eagle) said:

"This is a narrow provision and must be agreed between the company that is asking for support and HMT. Although it is potentially wide, paradoxically it is also narrow at the same time."—[*Official Report, Finance Public Bill Committee*, 2 June 2009; c. 210.]

My amendment would make it narrow from the outset and limit the range of transactions that could be entered into that could lead to a firm giving up its tax losses. That would make it much clearer what the clause is meant to do, and potentially protect companies from undue pressure being placed on them by the Treasury and other Departments to forgo their tax losses in return for a particular scheme or set of arrangements that the Treasury or other Department might wish to encourage them to enter into.

The Economic Secretary to the Treasury (Ian Pearson): Clause 25 ensures that an agreement reached between a company and the Treasury will be effective for tax purposes if the company relinquishes its right to use tax losses as part of an agreement to access Government financial assistance. The clause will apply to arrangements forming part of an agreement under the asset protection scheme but, as the hon. Member for Fareham (Mr. Hoban) noted, it could be used in other situations, particularly if Government assistance is required to maintain financial stability and restore confidence. It is essential that when such an agreement is reached, we have provision in tax law for the agreement to have the intended effect.

As the hon. Gentleman pointed out, the amendment is intended to limit the scope of the clause to arrangements made in accordance with section 257 of the Banking Act 2009, thus making implementation of the clause subject to the laying of a statutory instrument. It is similar in purpose to amendments that he tabled in Committee.

On the technical aspects of the amendment, it has been pointed out previously that a statutory instrument would delay the resolution of the terms of any agreement, which could reduce rather than boost market confidence. If a company's agreement to give up its losses were contingent on subsequent parliamentary approval, there would need to be provision in the agreement itself to revisit its terms if that approval were not given. Such terms would mean that the agreement would not have the necessary certainty to achieve its aim of restoring confidence and stability to the markets.

The hon. Gentleman made the point that he wanted to narrow the scope of the clause. It is important to bear in mind that it can apply only if a company has agreed to relinquish its losses and if that agreement is pursuant to the company's accessing financial assistance from the Government. He referred to comments that have been made previously about a potential paradox, in that the clause may be seen to be necessarily wide-ranging but will be applied only in narrow circumstances. We believe that limiting the scope of the clause is unnecessary, and that the resulting extra layer of scrutiny would be potentially destabilising. It may mean that deals would need to be struck with absolute certainty and in a very short time scale.

My experience of Governments is that they tend to prefer cash to an agreement on tax losses. It would be up to a company that wanted financial assistance to agree voluntarily to relinquish its taxes, and it would be up to the Government to agree that that was in the best interests of taxpayers. In the normal scheme of events, Governments would much prefer to have cash than tax losses, so I do not believe that the clause will be used substantially. When it is necessary to use it in future, it will be right to do so. The amendment would unnecessarily restrict it and be potentially destabilising in the circumstances in which it is likely to be used. For those reasons, I ask the hon. Gentleman to withdraw it.

5.30 pm

Mr. Hoban: I am not entirely convinced by the argument about the delays that would be caused by agreeing a statutory instrument. If the Economic Secretary looks back over the history of the past few months, he will see that the Government have taken action to deal with Bradford & Bingley and the Dunfermline building society, for example, and taken measures that require statutory instruments to be approved. They have gone ahead with that quite happily, but now they claim that they cannot act without a statutory instrument that the House of Commons has approved. It is not the Government's strongest argument.

I am not sure about the Economic Secretary's assurance that the power will not be used often. Many clauses, which we are assured will not be used often, are included in Bills, yet the Icelandic banks were tackled under clauses in the Anti-terrorism, Crime and Security Act 2001. We must, therefore, be wary of Ministers' reassurances. However, in this case I will take them at face value. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 59

PAYMENTS BY REFERENCE TO FOREIGN TAX ETC

Amendments made: 41, page 28, line 16, after 'made', insert 'by a tax authority'.

Amendment 42, page 29, line 6, after 'made', insert 'by a tax authority'.—*(Kerry McCarthy.)*

Clause 91

HMRC CHARTER

Mr. Heath: I beg to move amendment 3, page 46, line 10, at end insert—

'( ) In particular, the Charter must include policies in relation to prosecution and alternatives to prosecution, and the circumstances in which monies collected but legally returnable to any person may be retained pending further investigation.'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: amendment 6, page 46, line 20, at end insert—

'(3) The Charter prepared under section 16A (1) of CRCA 2005 shall not come into effect until it has been approved by a resolution of the House of Commons.'.

Government amendment 43.

Amendment 32, in clause 92, page 46, line 26, at end insert—

'(3) That Schedule will cease to have effect on the fourth anniversary of the day on which this Act is passed.'.

Amendment 14, in clause 101, page 51, line 23, at end insert—

'(7A) Repayment interest is not taxable.'.

Government amendments 44 to 46.

Amendment 33, in schedule 46, page 353, line 21, at end insert—

'Annual report by Commissioners

2A The Commissioners must, at least once a year, make a report on—

(a) compliance by companies with paragraph 1 (1), and

(b) the amount of additional tax collected as a consequence.

2B The first report should be made not later than 18 months after the date on which this Act is passed.'.

Amendment 7, in schedule 48, page 366, line 43, leave out from 'tax' to end of line 1 on page 367.

Amendment 8, page 368, line 14, leave out 'Paragraphs (c) and (d) of sub-paragraph 2A do' and insert 'Paragraph (c) of sub-paragraph 2A does'.

Amendment 9, in schedule 51, page 382, line 41, after 'a', insert 'deliberate'.

Amendment 10, page 384, line 11, after 'a', insert 'deliberate'.

Amendment 11, in schedule 52, page 392, leave out line 7.

Amendment 12, page 392, leave out lines 10 to 16.

Amendment 13, page 392, line 46, leave out sub-paragraph (7).

Amendment 19, in schedule 54, page 410, line 34, leave out from first 'is' to end of line 35 and insert

'the end of the accounting period in which the loss is incurred'.

Amendment 20, in schedule 55, page 419, line 21, at end insert—

'(3A) The aggregate penalties against partners of a partnership under this paragraph may not exceed the amount that could have been assessed on one partner.'.

Amendment 21, in schedule 56, page 423, line 14, leave out 'by'.

Government amendments 51 to 53.

Mr. Heath: I do not intend to discuss the other amendments in the group, I simply wish to talk about amendment 3.

I suggest that Her Majesty's Revenue and Customs charter needs to be expanded to make it clear how HMRC will deal with circumstances in which a prosecution is possible or intended. I note and am perfectly content with the fact that prosecution policy as such is already tackled. Revenue and Customs prosecutors are statutorily bound to the code of conduct for prosecutors, and the circumstances in which they undertake a prosecution are already spelled out in some detail and are largely analogous to those that apply to other prosecuting authorities in the criminal law.

However, I am concerned that Revenue and Customs prosecutors are almost an afterthought. Many cases in which there is a suspicion of abuse of the tax system or even criminal behaviour are tackled in a non-judicial way—by direct recovery of funds, plea bargaining before passing papers to the prosecuting authorities, or a variety of civil actions, which HMRC increasingly takes as a substitute for criminal sanction. That gives us pause for thought. There is currently no clear policy for applying those sanctions, many are much more serious penalties than those in criminal law, and they are applied without due process—without being put before a court.

I therefore contend that people who interact with HMRC in that way need to know that the rules are applied equitably and fairly across the piece, how HMRC will interpret its extensive powers, and what they can expect from HMRC. I want to illustrate that with a particular case of a company in my constituency, which involves the vexed question of carousel fraud. I do not want to spend time explaining the intricacies of carousel fraud, which is a complex form of VAT fraud, working across international boundaries. We could spend much time discussing the details of that. That is not my purpose; rather, my purpose is to address the way in which HMRC chooses to deal with companies that it suspects of having been involved in carousel fraud.

The company with which I have had dealings in this respect is Third Dimension Ltd in Milborne Port. It deals in a commodity in which, in HMRC's view, companies involved in carousel fraud trade—namely, mobile phones—and provides a platform for the international market via the internet, enabling traders to trade across international boundaries in the mobile phone market.

I have no truck with fraudsters. I want those involved in fraud to be interdicted and prosecuted. I certainly do not believe that fraud—either against the individual or, in the case of VAT, against the state—is a victimless crime. It is not, and I have always argued in this House that we should take it extremely seriously and impose appropriate sanctions. My constituents feel exactly the same way and they have expressed that view to me. They certainly do not want people getting away with VAT fraud.

I also ought to say that I am neither a forensic accountant nor a VAT expert. If anyone asks me difficult questions, I will probably not know the answers, because we are dealing with a complex area. However, I have dealt with the criminal justice system over many years in this House and my gut feeling is that there is something inherently wrong with the system that seems to have developed, in that everybody who has any connection with a particular area of trading is treated as though they were guilty and has sanctions applied to them irrespective of any evidence of guilt.

Indeed, one difficultly has already arisen in the courts in respect of how HMRC has interpreted its brief. The Financial Secretary will know of the Livewire judgment before the High Court chancery division, which has fundamentally undermined HMRC's assumption that every trader in that area is tainted by fraud, not least because of the observations of Mr. Justice Lewison. He looked at the previous case that was relevant—the Kittel case, with which I am sure the Minister is also familiar. In particular, he looked carefully at the translation from French to English, which is a pretty rudimentary matter. His observation was that HMRC's incorrect translation changed the emphasis to

"the transaction was connected with a fraud"

from the original, which said:

"the transactions were directly involved in a fraud".

[Mr. Heath]

HMRC misinterpreted the Kittel case, assuming that anybody with a passing connection with the trade was necessarily up for involvement, rather than applying the higher burden of proof implied in the original French of the Kittel judgment, which requires evidence of direct involvement. That case is now being challenged in the European Court of Justice and we may have a ruling in due course. Irrespective of that judgment, however, surely we do not allow collective punishment in British law for the crimes of a person or persons unknown, yet that appears to be how HMRC currently operates.

Since early 2006, HMRC has adopted what is described as an extended verification process for every trader involved in the industry, which means that it has effectively ceased paying VAT input tax refunds. A substantial amount of money is being withheld and we are now in the third year of withholding it. This has been done by a deliberately extended process, in my view. First, there is a delay in responding to requests for refunds. At the very point at which that matter reaches judicial review—sometimes only a matter of hours beforehand—there is a denial, which results in a further delay before a tribunal can consider the matter. That is followed by an HMRC appeal. That is a deliberate policy to withhold funds that are legally in the ownership of the companies, without judicial process.

When such cases have got as far as the tribunal or the High Court in chancery, there have been mixed results for the companies appealing. In some cases, the appeal has been upheld by both; in others, there has been a mixed result from the tribunal and the High Court; or the company has lost in both cases. I would be interested to know how much is currently withheld in relation to VAT reclaims, and how much is earmarked for eventual refund when the appeals are successful. My suspicion is that a very large amount is involved.

The second method that HMRC has chosen to use as a means of reprisal against assumed fraud is illustrated in its dealings with overseas banks. HMRC uses its undoubted muscle to affect the way in which overseas banks are used. My constituent's company had funds held by the First Curaçao International Bank. The bank has effectively been closed down by HMRC, and the administrators have been told that they must not allow any funds to be given to those who have funds invested in the bank. No charges have been brought against the bank, under British jurisdiction or any other; this is simply a case of pressure being put on it.

A list has apparently been provided to the bank's administrators of the people to whom funds may not be made available, and of anyone having dealings with those people. That is a pretty extraordinary state of affairs. Those people have not been brought before any court. They have not been found guilty of any crime, yet they have had their funds frozen on suspicion and, in the case of the First Curaçao International Bank, in a foreign jurisdiction. I am led to believe that, in this context, we are talking about billions of pounds in funds held by companies, many of which must be innocent of any fraud.

The third instance of intervention is the pressure that has been applied to UK high street banks. Again, companies engaged in this area of trade have had their accounts closed on the recommendation of HMRC. They, too, are companies against which no evidence has been adduced, no prosecution brought and no conviction obtained. I would be interested to know how many companies have been closed in that way and, against that figure, how many have actually been prosecuted.

I suspect that what is happening is a substitution of a criminal legal process by a civil legal process that is entirely within the hands of HMRC, and I do not believe that the House has ever sanctioned such a process. Extra-judicial action by HMRC in the absence of any evidence is not something that we would normally countenance. If we were to do so, we would certainly place limits on the sanctions that could be applied—just as we place limits on the sanctions to be applied in criminal cases—rather than simply giving HMRC a free hand.

What we have here is an arbitrary exercise of power by HMRC without any due process. It is an exercise of guilt by association that is foreign to British law in any respect, either historically or currently. It involves the substitution of the opinion of HMRC for a judgment, and the testing of that judgment by probative means, in court. I have to say that HMRC opinion is not unquestionable and it is not by definition correct. If it were, these companies that are so strongly suspected of being involved in VAT fraud would not have been given VAT registration in the first place.

5.45 pm

The amendment is designed to make transparent a process that seems to have developed. If it is believed right and proper for HMRC to use civil process in this way to deal with unquestionably serious matters of fraud, these issues should be put before Parliament and agreed here. We should apply proper tests of evidence, proper judicial process and appropriate sanctions in the case of the felony, for that is what it would be if the case were proven. Instead, we have seen an incremental approach by HMRC, which I do not believe is satisfactory.

To conclude, I have no evidence whether the company in my constituency or any of the other companies have been involved in fraud. How could I possibly know? What I am saying is that while I want HMRC to be rigorous in its approach, I also want it to be transparent and lawful. I do not believe that the actions currently taken by HMRC are, frankly, lawful. We have due process in this country and it should be transparent. I invite the Minister to answer my points if he can, as I would be grateful to know the answers, but I would also like to hear him accept the principle that such processes should be open, transparent and agreed by Parliament, rather than somebody in the recesses of HMRC deciding that they have a means by which they can exercise their powers without judicial process.

Mr. David Gauke (South-West Hertfordshire) (Con): It is a pleasure to follow the hon. Member for Somerton and Frome (Mr. Heath), who has raised a number of important points, which I hope to touch on in the context of the HMRC charter and amendment 6. The group of amendments is rather lengthy, so I shall try to run through my amendments as quickly as possible.

Clause 92 and schedule 46 relate to the senior accounting officer and the new responsibilities placed on him. We debated the matter in Committee of the whole House

and, indeed, in the Public Bill Committee. My hon. Friend the Member for Fareham (Mr. Hoban) pointed out on a number of occasions how the proposals were produced in the Budget and the Finance Bill without any consultation, yet there are concerns about their impact on large companies and about the scope of the clause.

We are grateful that the Government have tabled amendment 43, which applies the measures not to "large" but to "qualifying" companies. That is a step forward, but we none the less have a number of doubts, particularly about the lack of clarity on the administrative costs to affected companies. No proper regulatory impact assessment was done prior to the announcement because the necessary consultation did not happen, so some doubt necessarily remains.

We know that the Government estimate that about £140 million will be raised by the measures, but there remains a degree of doubt about whether that will be the case. We have tabled two amendments which I think will help the House to assess the effectiveness of the proposals. Amendment 32 is a simple sunset clause and would enable the provision to fall after four years. If after four years it emerges that it is not causing a disproportionate cost to businesses to establish that the senior accounting officer can sign off the accounts, fair enough. If it proves that substantial amounts of revenue are being raised as a consequence of the provision, there will clearly be a strong case for renewing it, but if not—I have to say that at this stage we cannot be confident one way or the other—it will be dropped.

Amendment 33, which relates to schedule 46, would require the commissioners to prepare a report on compliance with the new provisions and the additional tax raised. It would enable us to have a much better view of whether the measure was proving to be effective, given that consultation was not carried out in advance and its origin remains something of a mystery.

Clause 95 and schedule 48 relate to the extension of information and inspection powers. We have tabled two technical amendments. Currently, there are powers to inspect property for valuation purposes, which relate to a number of taxes, including stamp duty reserve tax. The Law Society has questioned how those powers will be used, and I should be grateful if the Minister explains how they will be relevant to SDRT.

Let me put amendment 8 in context. The tribunal may not approve an inspection under the new powers unless certain conditions apply. They include the ability of the relevant taxpayer to make representations, the ability of the occupier of the premises to make representations, and the supplying of a summary of the representations to the tribunal. Those conditions are disapplied if the occupier of the premises cannot be identified.

It is reasonable for the requirement to supply a summary of the representations to the tribunal not to apply if the occupier cannot be identified, but why should it not apply if the taxpayer is able to make representations? If the taxpayer makes representations, there will be no obligation for a summary to be supplied to the tribunal. That seems somewhat strange. We seek to amend schedule 48 so that the occupier would not be given an opportunity to provide representations, but a summary could still be provided if the taxpayer has made representations.

Paragraph 15 of schedule 51 provides, broadly, for a 20-year time limit for assessments in a case involving a loss of tax attributable to a failure by a person to make a return under the stamp duty land tax legislation. Normally, the time limit is six years. The Law Society has told us that the period should be extended from six to 20 years only when failure is deliberate, rather than inadvertent and careless. Consequently, we have sought to address that in amendment 9, and similarly in amendment 10 tabled to paragraph 16 of schedule 51, by making the requirement a deliberate failure.

Clause 99 and schedule 52 relate to the recovery of overpaid tax, setting out circumstances where a claim is disallowed. One of those—case A—is if a mistake is made in a claim, election or notice. The Law Society made the point that a mistake that gives a right of recovery against HMRC could result in a mistake in a claim, and therefore the unfortunate situation could arise that a mistake by HMRC leads to a mistake in a claim which then, in turn, means that the claim is disallowed. The second concern raised with us by the Law Society is what exactly a mistake means in those circumstances. The Minister might be able to help on those points, which relate to amendment 11.

Amendment 12 highlights the fact that there is a separate regime for mistakes relating to capital allowances. Will the Minister explain why capital allowances are singled out? Finally in terms of schedule 52, amendment 13 relates to case F, which excludes amounts paid, or liable to be paid, in consequence of enforcement action. Why are proceedings for enforcement relevant to HMRC's liability under the schedule?

Clause 101 and schedule 54 relate to repayment interest on sums to be paid by HMRC. Amendment 14 seeks confirmation that repayment interest is not taxable. Will the Minister respond to that point? Amendment 19 essentially asks why the repayment interest start date should be on 31 January next, following the year in which the loss is incurred, rather than at the end of the accounting period in which the loss is incurred, which is what we have sought to achieve in amendment 19.

Clause 105 and schedule 55 relate to the penalty for failure to make returns. Paragraph 25 of the schedule states that where a representative partner fails to make a partnership return, a

"penalty in respect of the failure is payable by every"

person who was a partner in the partnership at any time during the relevant period. Amendment 20 would ensure that aggregate penalties are limited to the amount that could have been assessed on one partner. Otherwise, penalties could be more harsh where a partnership is late in making a return than where a company of equivalent size is late in equivalent circumstances. There does not seem to be any particular logic as to why the regime should be harder on a partnership as a whole than a company.

Clause 106 and schedule 56 relate to the penalty for failures to make payments on time. Amendment 21 would delete what I believe to be a typo. The Minister is a reasonable man and I assume he will accept it; if he does not, I am perfectly prepared to divide the House, but I am sure he will not make that necessary. The current wording of the schedule is as follows:

"that person fails to make or deliver the return on or before by the date by which it is required to be made or delivered".

[Mr. David Gauke]

That first "by" appears to be a typo, and therefore should be removed.

In respect of clause 107 and schedule 56, the amendments are of a technical nature. The clause and schedule enable taxpayers to benefit from the suspension of penalties during the time-to-pay arrangements even if they have already incurred a late payment penalty. That ensures that any penalties arising after a taxpayer's approach to HMRC will be suspended.

6 pm

I want to deal with the HMRC charter last because we have now gone through a number of clauses and schedules relating to HMRC powers. It is striking that every year we generally extend HMRC's powers in this area as part of a process relating to powers, deterrents and safeguards. We spend a lot of time scrutinising the powers and deterrents, but very often the argument for the safeguards is that they will be set out in the HMRC charter. We debated the charter in Committee—the first draft of it caused considerable concern, but I acknowledge that the Government have moved on it. There remain some discussions to be had on this important document, and it is important that the House scrutinises how HMRC works and the safeguards that exist for the taxpayer. That is, in essence, the argument made by the hon. Member for Somerton and Frome.

The fact is that the House has very little oversight of the HMRC charter. We have had an opportunity to debate it in our consideration of the Bill and I dare say that we will be able to do much the same when we consider future Finance Bills. Amendment 6 would allow the House to debate the charter again before it is published and before it is finalised, so that the views of right hon. and hon. Members can be expressed and there is an opportunity to raise the concerns of constituents. Constituents have also come to me to discuss how they are treated while the Government and HMRC seek to address carousel fraud. That is but one example, and I am sure that hon. Members can identify others. It is important that the House has an opportunity to debate them.

I have covered, as quickly as possible, a large number of amendments, some of which are technical, others of which are broader in nature. I reiterate that it is important that the House scrutinises HMRC and that we ensure that the right balance is found between the powers, penalties and deterrents available to HMRC and the safeguards available to taxpayers. I press the Government to share that view, and I hope that we have future opportunities to debate the HMRC charter.

Mr. Colin Breed (South-East Cornwall: I just wish to make a few comments on the charter and the senior accounting officer. These wide-ranging amendments cover a variety of issues, both technical and probing, and I am sure that the Minister will respond to them. I am grateful to my hon. Friend the Member for Somerton and Frome (Mr. Heath) for raising specifically the issue of what the charter should cover, as the charter is an important aspect of this Bill. The Minister will recall that the Government announced a consultation on a taxpayers charter last year and we were given a ministerial statement on the matter. During the Report stage of last year's Finance Bill, my Liberal Democrat colleagues and I tabled a new clause entitled "Taxpayers Charter". Of course, it did not succeed, but we are grateful that something similar has appeared in this Bill.

It is important that taxpayers' statutory rights, including the basic right of appeal against actions or decisions, is enshrined in some way, and the same applies in respect of taxpayers' statutory duties—I am thinking of provisions relating to notice period requirements, documents that HMRC has a right to access and penalties for failure to comply. We are very happy about that arrangement, but clause 91 would insert a new section into the Commissioners for Revenue and Customs Act 2005. This clause only pays lip service to the call for a charter. In reality, it provides little or no protection or certainty for the taxpayer and, indeed, pays the taxpayer little regard. The charter cannot be independent if HMRC is solely to decide its content. I appreciate the amendment that the official Opposition have tabled to ensure that the House debates that issue, because it is important.

We would have liked the Government to consult on the content of the charter well before now. We have spent quite a lot of time consulting on stricter penalty regimes and very little on protecting the taxpayer. As I understand it, the charter will not be in statute—only the power to create a charter. That is a slight disappointment. The Bill says that the standards and values are to be "aspired" to, but there will be no way of requiring HMRC to meet and maintain the standards that it should already have achieved. The review of HMRC's adherence to the charter would not require any consequential action. If HMRC fails to meet the aspirations in the charter, there is no provision to discipline it or enable parliamentary pressure to be applied.

While we welcome a charter setting out the rights and duties of the taxpayer, no protection is afforded to the individual. In fact, the Government have spun reforming ideas around to suit the interests of HMRC, rather than to protect the taxpayer. We do not have a taxpayers charter, but an HMRC charter—not what was envisaged at all. Some of our concerns are shared by professional bodies. The Institute of Chartered Accountants says:

> "The current wording of the clause does not meet the needs of taxpayers. Firstly, it is drafted in terms of HMRC's 'behaviour and values' rather than the rights of the taxpayer. Secondly, it does not make adequate provision for oversight and review."

We have spent much time in recent Finance Bills extending the powers of HMRC in various ways, including the right to impose penalties, to make inspections, to collect data and to charge interest on late payments. Everything has been going HMRC's way, and this was an opportunity to try to redress the situation, but the Government have failed to do so.

Clause 92 concerns senior accounting officers. I can understand the Government's approach, which would identify someone who would be responsible for ensuring that the accounting systems are adequate and accurate for tax reporting. It refers to the preparation and submission of returns to HMRC, not tax figures in financial statements. The SAO must ensure that tax returns are timely and procedures are adequate for accurate tax reporting. The adequacy of the systems must be certified annually, because the tax code changes with alarming regularity. Systems have to be changed almost annually to ensure that the data in returns are accurate. The SAO will be personally liable for a penalty of up to £5,000 for

careless or deliberate failure to comply with the rules. According to the impact assessment, some 2,000 individuals will need to comply with this new regime.

The regime is supposed to target large companies, but the definition of large is not exact. Indeed, the Government have tabled some technical amendments to try to address that issue and ensure that we are targeting the right sort of large companies. That lack of definition is slightly disappointing in provisions that will charge individuals with some heavy responsibilities, for which the penalties can be significant—not only in financial terms, but in professional terms, because a person's ability to retain their job or get another one might be limited if they were found liable in this respect. It is important that the Government have tight definitions and an understanding so that those individuals—it has been assessed that there are about 2,000 of them—have clear and accurate information about what their responsibilities are and what they have to do, and do not find themselves falling foul of inaccurate definitions or definitions that can be construed or introduced in different ways that could disadvantage them in their work.

Finally, on the issue of cost, although I can understand why the Government are formulating this proposal, there are serious concerns that businesses will face quite a considerable increase in costs, bearing in mind the potential of the expected yield. Do we have real proportionality? Will the costs incurred by businesses up and down the country be proportionate to what the expected yield might ultimately be? I would be grateful if the Minister could comment on that.

The Financial Secretary to the Treasury (Mr. Stephen Timms): This group of amendments relate to the tax administration elements of the Bill. The formation of HMRC and the merger of the previous separate bodies provided a lot of opportunities to deliver more consistency and clarity for taxpayers and businesses. We are taking advantage of those opportunities in this part of the Bill.

The package has been the subject of extensive consultation. The key elements replace myriad complex penalties and surcharges with a more effective and proportionate penalty structure with improved safeguards; replace the confusing old range of interest rates and formulae with a new regime based on recompense, fairness and simplicity; make it easier for taxpayers to pay what they owe on time, so supporting HMRC and tackling effectively those who pay late; extend the compliance checking introduced in the Finance Act 2008 to other taxes, clarifying where visits can be made and what time limits reply; and pave the way for the launch of the new HMRC charter by the autumn. The hon. Member for South-East Cornwall (Mr. Breed) just commented on that, and the charter will play an important role in the relationship between HMRC, taxpayers and agents, setting out taxpayers' rights and responsibilities.

The hon. Member for South-East Cornwall quoted criticisms from the Institute of Chartered Accountants of England and Wales. I think that since those criticisms have been made they have been overtaken a bit by developments and I can reassure him by quoting what the ICAEW's briefing said to the Finance Bill Committee on 17 June:

> "We support the current version of the Charter which we believe is a well balanced document which sets out the rights and obligations of the taxpayer."

That tax administration package runs in parallel with measures to protect tax revenues. There has been a lot of discussion with interested parties on these measures and I want to place on record my thanks for the help that we have received.

Amendment 3, which was moved by the hon. Member for Somerton and Frome (Mr. Heath), is not really about the charter, as I think that he would accept. He has taken the opportunity to raise perfectly fair points about the HMRC approach to carousel fraud. This is probably not the place for an extensive discussion on that subject. However, he acknowledged that the scale of such fraud was vast. We were threatened with a loss of more than £5 billion in 2007-08, and that level of fraud obviously requires HMRC to take every reasonable and proportionate step to prevent it. I would suggest to the hon. Gentleman that the response has been proportionate.

HMRC will withhold repayment where there are reasonable grounds to suspect knowledge of fraud. That approach is being supported by the courts when it is challenged. Such fraud is perpetrated by criminals seeking to steal vast sums of public money. It is complex and orchestrated by criminal gangs using what often look like legitimate trading companies, but the fraud only works if there is complicity in the supply chains, which often are very long. I suggest that it is not unreasonable for HMRC to expect companies to take steps to satisfy themselves that their transactions are not part of a fraudulent supply chain.

If HMRC could use only criminal proceedings to prevent fraudulent repayments, I am afraid that the criminal justice system would rapidly grind to a halt. It is right that HMRC has civil powers to tackle fraud where the risk to the Exchequer is as significant as it is in this case. The powers that HMRC is using to protect taxpayers from organised crime exist already and are not new.

Safeguards are in place, and I should be very happy to discuss our approach with the hon. Member for South-East Cornwall separately, but I do not think that the HMRC charter is the vehicle to address this problem. None of the representative bodies that we consulted suggested that this specific point about fraud should be in the charter.

Amendment 6 would delay the charter coming into effect until it had been approved by a resolution of the House. I do not think that that would be the right thing to do: the charter is intended to be a document that can be easily updated, and an advisory panel with a majority of external members will monitor performance. It would not be appropriate for approval by the House to be necessary whenever the wording of the charter was updated.

Amendment 32 would impose a four-year time limit on the application of clause 92. That would imply that, in four years' time, large companies no longer needed to maintain tax accounting arrangements. That would be a mistake. As the House will be aware, we have significantly amended clause 92 to include the reference to materiality that the hon. Member for Fareham (Mr. Hoban) first suggested. I do not think that we should have a sunset clause to constrain it further.

Amendment 33 would require an annual report on the impact of the measure, but it strikes me that reviewing the benefits of one measure in isolation would be of

[Mr. Timms]

limited value. HMRC looks at the tax compliance position of large businesses, and its relationship with them means that it takes a wide range of factors into account. I do not think that it would be helpful to divert HMRC resources into an annual assessment of one measure in isolation.

Government amendment 43 is a consequential amendment to align the terminology in clause 92 and changes the reference to "large" companies in schedule 46 to "qualifying" companies. I am grateful to the hon. Member for South-West Hertfordshire (Mr. Gauke) for welcoming that.

Amendment 7 would remove stamp duty reserve tax from the narrow list of taxes to which the new aligned power to inspect property for the purposes of valuation applies. HMRC has to undertake valuations for stamp duty reserve tax, because the consideration for shares on which the tax arises may be in the form of property. The value of the property affects the value of the transaction, and the new power replaces existing individual powers for each tax, including stamp duty reserve tax. The powers being replaced took different forms and had different safeguards, and the new power has been welcomed because it has stronger safeguards. It is proportionate and necessary and includes improved taxpayer safeguards, so I hope that amendment 7 will not be pressed.

Amendment 8 relates to the valuation inspection power more generally. In Committee, I was pleased that Opposition Members appreciated that the clause providing for property valuations contained considerable improvements in the safeguards for taxpayers. The importance of that provision is recognised across the House, because the strongest possible safeguards should apply. The amendment would strengthen those safeguards, so I am content to accept it.

Sadly, I cannot be as helpful with amendments 9 and 10, both of which relate to stamp duty land tax. They would restrict to four years the time limit for HMRC to make assessments where the taxpayer has failed to notify it of a land transaction, unless that failure was deliberate. The provisions that we have reassure the majority who pay their taxes that those who try not to pay them will have to do so in the end. It would not be fair on the compliant majority if, after a period, people who failed to notify did not have to pay the tax because the limit had elapsed. I hope that those amendments will be withdrawn.

Amendments 11 and 12 seek to widen the scope for HMRC to accept a claim for repayment by removing some of the exceptions, but the capital allowances system is designed to give taxpayers very wide flexibilities and choices. Businesses have made it clear that they value those flexibilities and choices and would not want them to be curtailed. If a claim is out of time and it is not appropriate to extend time limits under the existing rules, there would be no reason to allow a claim under this provision to achieve the same end. I hope those amendments will not be pressed.

Amendment 13 seeks to remove an exclusion which applies where HMRC started court proceedings to recover a sum and either obtained court judgment or the taxpayer agreed to settle the matter. By the end of the process, the taxpayer will have had every opportunity to contest the amount due. HMRC will have had to satisfy the court that the debt is due or the taxpayer will have had to agree to settle HMRC's claim in order for the exclusion to apply. To allow taxpayers the possibility of further disputing the amount would seriously weaken HMRC's ability to recover tax liabilities from defaulters.

On amendment 14, as each tax is brought into the new interest regime, consequential changes to existing legislation will be made by regulations, using the powers in clause 103. These changes will ensure that the result that the hon. Member for South-West Hertfordshire is seeking will be achieved. On amendment 19, the hon. Gentleman explained the effect of the proposal. The position is provided for in schedule 54 and is in line with the general rules that apply when repayment interest starts to run. Amendment 19 would be inconsistent with those rules and I must therefore resist it.

Amendment 20 relates to schedule 55, which creates an aligned and modern penalty regime to deter failures to submit tax returns. It is right that where an obligation to submit a return exists, failure to do so should result in a penalty. However, we consider every proposal on its merits. I agree that amendment 21 corrects a minor drafting error. I am grateful to the hon. Member for South-West Hertfordshire for drawing the attention of the House to it, and I am happy to accept amendment 21.

Government amendments 44 to 46 in clause 107 and Government amendments 51 to 53 in schedule 56 correct technical deficiencies that could lead to taxpayers not being able to benefit from the suspension of late payment penalties in the way that was intended. I believe they will find favour across the House.

Mr. Heath: I congratulate the hon. Member for South-West Hertfordshire (Mr. Gauke) on having won two amendments in a Finance Bill—quite a proud record. I am grateful to him for his support for some of my contentions, as I am to my hon. Friend the Member for South-East Cornwall (Mr. Breed).

With reference to the Minister's comments on my amendment, we agree about the seriousness of the fraud, the potential loss to this and other jurisdictions, and the need for effective interdiction and penalty. I make it plain, however, that I still have concerns. The Minister says that the response of HMRC is reasonable and proportionate. Clearly, it is reasonable and proportionate to take those confiscatory measures in the case of somebody who is perpetrating a fraud, but by its actions HMRC seems to be extending that to anyone who is associated with a trade in which fraud has taken place, and I am not sure that it is reasonable and proportionate to take confiscatory action against a person or company who is trading in that environment if they, in turn, have taken measures which are reasonable and proportionate to make sure that they are trading lawfully and not encouraging or permitting fraudulent behaviour by others.

The "reasonable suspicion", which the Minister says is the test, is of course put to the test only when the case is before a tribunal or the High Court. The way in which matters have been—I was going to say "prosecuted", but that is exactly the wrong term to use—carried out hitherto suggests that that finding of fact happens at a very late stage in the process. According to information that I have received, a large number of those cases are not found to be based on reasonable suspicion when a

tribunal or, more particularly, the Court, has had a chance to adjudicate. That is what worries me. Having heard what the Minister said, I still feel that there is an extra-judicial process going on; it is perhaps necessary in some cases, but in others it is excessive.

The Minister has found me out, in the sense that he has realised that amendment 3 was a probing amendment to enable me to raise essential matters on behalf of my constituents and others. I would be most grateful if, having looked again at my remarks, he would write to me to explain the Government's position, perhaps in slightly more detail than is possible in a speech. I may well then take him up on the suggestion that we discuss the matter privately. It is certainly not my intention to divide the House this evening, and I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 92

DUTIES OF SENIOR ACCOUNTING OFFICERS OF LARGE COMPANIES

Amendment made: 43, page 46, line 23, leave out 'large' and insert 'qualifying'.—*(Mr. Timms.)*

Clause 107

SUSPENSION OF PENALTIES DURING CURRENCY OF AGREEMENT FOR DEFERRED PAYMENT

Amendments made: 44, page 55, line 1, leave out from beginning to 'P' in line 2.

Amendment 45, page 55, line 4, leave out

'whether before or after that date,'.

Amendment 46, page 55, line 10, leave out 'during' and insert

'between the date on which P makes the request and the end of'.—*(Mr. Timms.)*

Schedule 34

REAL ESTATE INVESTMENT TRUSTS

Mr. Gauke: I beg to move amendment 17, in page 289, line 23, at end insert—

'Stock dividends

3A (1) Section 107 (conditions for tax-exempt business) is amended as follows.

(2) In subsection (8) omit "(a) by way of dividend, and (b)".

(3) After subsection (8) insert—

"(8A) In this Part and for the purposes of section 973 of ITA 2007, a distribution of the profits of the property rental business shall include—

(a) an amount distributed by way of dividend, and

(b) an issue of shares to which section 249 (1)(a) of ICTA applies and in case a falling within (b), the amount of the distribution shall be the cash equivalent of share capital determined in accordance with section 412 of ITTOIA 2005, but otherwise Chapter 5 of Part 4 of ITTOIA 2005 shall not apply.".

3B (1) Paragraph 6 of Schedule 17 is amended as follows.

(2) In paragraph 6 (4), delete "by way of dividend and (c)".

(3) After paragraph 6 (4) insert—

"(4A) In the application of section 107 (8A) for 'profits' substitute 'UK profits' as defined in paragraph 6 (4).".

(4) Section 142 (1) of TCGA 1992 is amended by inserting "or section 107(8A) (b) 2006" after the reference to "ITTOIA 2005".'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: Amendment 18, in page 289, line 23, at end insert—

'Conditions for tax-exempt business

3A (1) Section 107 (conditions for tax-exempt business) is amended as follows—

(2) In subsection (8)(b) after "before", insert "the third anniversary of ".

(3) The amendment made by sub-paragraph (2) has effect for distributions in respect of accounting periods beginning on or after 1 January 2008 and ending on or before 31 March 2010.

3B (1) Schedule 17 is amended as follows.

(2) In paragraph 6 (4) after "before", insert "the third anniversary of".

(3) The amendment made by sub-paragraph (2) has effect for distributions in respect of accounting periods beginning on or after 1 January 2008 and ending on or before 31 March 2010.'.

Government amendment 47.

Amendment 15, in page 290, line 24, at end insert—

'Profit: financing-cost ratio

5A (3) Section 115 (4) is amended as follows.

(4) In subsection 115 (4) (a) after "costs giving rise to", insert "credits or".

(5) In subsection 115 (4) at end insert "but exclude—

(f) financing costs falling within (a) to (e) above which are exceptional due to their size or incidence.".'.

Amendment 16, in page 290, line 29, at end insert—

'Termination by notice: Commissioners

6A (1) Section 129 is amended as follows.

(2) In section 129 (2) (c) at end insert "but a breach of the condition in section 107 (8) where the company is in financial difficulties shall not be treated as serious".

(3) The amendment made by sub-paragraph (2) is to be treated as always having had effect.'.

Mr. Gauke: This group of amendments relates to real estate investment trusts, or REITs, which were introduced with effect from 1 January 2007. Their introduction was, in part, a response to Kate Barker's review of housing supply and the need to promote greater efficiency and flexibility in the UK property investment market. Two and a half years after their introduction, it is possible to make some evaluation of the effectiveness of the new REIT regime. It is clear that large property groups have obtained REIT status, but there have been no new REITs, and in particular none covering residential property. It would be fair to say that the economic climate has not been ideal for the creation of new REITs, but there is clearly a debate to be had on whether the fact that REITs covering residential property have not come into effect is down to the economic problems or defects in the tax system.

Since we debated the matter in Committee, the House of Lords Select Committee on Economic Affairs has commented, in its report on the Finance Bill, that REITs

"have failed to live up to expectations".

[Mr. Gauke]

Paragraph 245 of that report states:

"It is difficult to conclude that this partial failure is wholly due to the economic circumstances and not also in part to structural defects in the system. Moreover there has been little attempt to respond flexibly or significantly in their design to the difficult economic context."

The group of amendments that we are considering is an attempt to encourage the Government to respond flexibly and significantly. Indeed, the Government have made some progress on that front. In Committee, I raised possible ways of providing some flexibility in design, based on proposals made by the British Property Federation. Since that date, the House of Lords Select Committee has recommended that the Government

"look again with greater sympathy at the proposals by the representative bodies."

To assist, we have today tabled four amendments, which, as I say, are based on the British Property Federation proposals. We are pleased to see that in one case the Government have followed suit, at least partially, and tabled an amendment seeking to address one of the concerns that we identified.

Broadly, we seek in our amendments to address two issues. The first issue relates to the current requirement that REITs distribute 90 per cent. or more of property income, because in the current economic circumstances it is very helpful if companies can retain cash. Credit is clearly difficult to access, and companies need to build up balance sheets—in particular, to keep banks lending to them. If and when the property market picks up, a REIT with sufficient cash might be able to make several acquisitions.

6.30 pm

Amendment 17 seeks to address the issue of a mandatory distribution of 90 per cent., which has to be done in one year, by deferring it for four years. It would be only a temporary measure, and any profits arising in accounting periods ending after 31 March 2010 would be subject to the current distribution rules, but it would provide REITs with flexibility.

Amendment 18 would provide for distributions to be paid by new shares rather than by cash, and there should not be a revenue implication: shareholders receiving a stock dividend, which is a distribution for these purposes, would be automatically subject to tax, as they would be with a normal property income distribution in cash. We therefore press the Government to look sympathetically at the amendment.

Amendment 16 is a less radical proposal, but it addresses the same area and would retain the 90 per cent. test. Any breach of it would not result in the risk of expulsion from the REIT regime, as that would be expensive for the REIT, but would involve corporation tax being paid on the undistributed profits. The argument that the Government tend to make against all such proposals is that there is an issue of investor protection, but when institutions are looking for investors to invest in a REIT, there is strong commercial pressure to make use of such provisions only when necessary. It is a commercial judgment that, one might strongly argue, could be left to the REITs rather than to the regulations, so we would be grateful for the Government's response to those points.

The second issue relates to the profit-financing cost ratio. Property income distributions are subject to a withholding tax of 20 per cent., unless the recipient is a UK charity, pension fund or corporate. Payments of interest by a REIT, however, may not be subject to withholding tax, and there is therefore the clear possibility of a REIT distributing income through interest payments as an avoidance measure. The profit-financing cost ratio is an attempt to address that. It is an anti-avoidance provision aimed at preventing REIT investors from structuring their investment as a loan.

Broadly, the PFCR rule provides that the amount of a REIT's tax-exempt profits must be at least 1.25 times the size of the financing costs that are related to the REIT's tax-exempt business. There are, however, a couple of problems with that. First, a REIT might hedge market value movements in a debt with a derivative contract. The PFCR rule does not take into account any profit on debt, but it does take into account a matching loss on the derivative. The loss is counted as a financing cost so the REIT might breach the ratio as a consequence of market movements.

Secondly, the aggregate of all movements in a derivative contract is deferred until closing out occurs, and that could lead to a distortion of the ratio in one particular year. Amendment 15 seeks to address those specific problems.

As I mentioned earlier, Government amendment 47 addresses the issue of the profit-financing cost ratio by allowing HMRC to waive rules in particular circumstances—when a REIT is in severe financial difficulties, the circumstances arose unexpectedly and the company could not reasonably have taken avoidance action. I have communicated with the British Property Federation, which welcomes movement on the issue but is concerned that the particular circumstances that I have mentioned are somewhat restrictive, difficult to interpret and vague.

As a consequence, Government amendment 47 may not be effective enough in addressing what both sides of the House agree is a potential problem. I would welcome comments from the Minister on that, because we think that amendment 15 would provide REITs with greater certainty and clarity and address the specific problems raised by the British Property Federation, rather than having the apparently broader flexibility involved in HMRC's waiving the ratio, although in restricted circumstances that would be difficult for the REIT to understand. The Minister may well be able to provide guidance and clarity on the issue; as it stands, however, we are not sure that Government amendment 47 is as successful as amendment 15.

Ian Pearson: We believe that Government amendment 47 will be effective, and I shall explain why in a moment. As the hon. Gentleman will know, the British Property Federation and others have welcomed the amendment, which has arisen as a result of continued discussion with the industry in the post-Budget period. It makes a further change to the regime to ensure that its rules on financing costs achieve their original objectives without creating any unintended effects.

Government amendment 47 will allow the charge to tax to be waived when the commissioners of Her Majesty's Revenue and Customs think that a company is in severe financial difficulties and that it could not reasonably

have avoided breaching the profit-financing cost ratio owing to unexpected circumstances. That ensures that the tax charge can be waived if a REIT that has not borrowed excessively breaches the profit-financing cost ratio because of a fall in its profits and/or an increase in its financing costs that have led it into severe financial difficulties.

The amendment does not seek to define "severe financial difficulties". However, in case extra clarity should be needed, it provides HMRC with a power that may be used to specify in regulations criteria to be applied by commissioners in determining whether to waive the charge. The hon. Gentleman will be aware that currently there are 21 companies in the REITs regime. We believe that that number is manageable. However, if "severe financial difficulties" needs to be defined, the powers are there. We believe, however, that the phrase is pretty broadly understood.

Opposition amendment 15 would relax the requirements of the profit-financing cost ratio by bringing in credits in respect of debtor relationships and by excluding financing costs that are considered

"exceptional due to their size or incidence."

However, it is not clear to the Government why the size or incidence of a financing cost should be considered to make it exceptional and why that would make it an appropriate item to exclude from the profit-financing cost ratio. We also believe that the Government amendment, by seeking to protect the ratio while ensuring that it does not lead to any unintended consequences for companies in severe financial difficulties, is a more targeted and preferred measure.

Amendment 16 concerns the requirement of the REIT to distribute 90 per cent. of its profits from the property rental business to shareholders by way of a dividend. That helps to protect the investor and the Exchequer by ensuring that profits are distributed to shareholders who pay tax on them. The amendment seeks to ensure that if a company in financial difficulty fails to meet this distribution requirement it would not be treated as a "serious breach" of REITs rules. REITs legislation states that the consequences of multiple serious breaches of the rules are that REIT may be given notice by HMC to leave the regime. In the context of the distribution requirements, "serious" is not defined. However, if a company is in financial difficulties there is scope under the legislation for that to be taken into account in deciding whether to issue a termination notice. We therefore believe that there is no need for the amendment.

Amendment 17 also relates to the 90 per cent. distribution requirement. Its purpose would be to allow a REIT to issue stock, instead of cash, in order to meet the 90 per cent. requirement. Allowing a REIT to issue stock, rather than cash, as part of this requirement could risk harming the investor, particularly if stock is issued to shareholders on a mandatory basis. A mandatory issue of stock as part of the distribution requirement would reduce the size of the cash dividend received by each shareholder without increasing the value of their shareholding. There would also be a risk of imposing a tax charge on shareholders that could not be covered by the cash part of the distribution. If stock is issued on an optional basis, those electing to receive cash could still see their shareholding diluted by those electing to receive stock. However, I understand the point that the hon. Gentleman makes, and I can say in response that officials will continue to meet those in the industry to discuss this issue.

Amendment 18 is intended to provide REITs with an extra three years to distribute the profits from their property rental business. We cannot accept the amendment because we believe that allowing REITs an extra three years to make these distributions would harm the Exchequer and investors, many of whom have invested in REITs because of the expectation that they will receive frequent distributions.

Government amendment 47 takes a targeted approach, and it has been welcomed by the property industry. We cannot accept the Opposition amendments, but we will continue to keep the regime under review and remain in dialogue with the industry on these issues.

Mr. Gauke: I am grateful to the Minister for his comments about continuing to look at the stock dividend issue. I am still not entirely convinced by his view that his amendment is better than ours, but we should be grateful that we at least have an amendment. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment made: 47, page 290, line 24, at end insert—

'Profit: financing-cost ratio

5A (1) In section 115 (profit: financing-cost ratio), after subsection (3) insert—

"(3A) The Commissioners for Her Majesty's Revenue and Customs may waive a charge in respect of an accounting period where they think that—

(a) the company was in severe financial difficulties at a time in the accounting period,

(b) the result of the sum specified in subsection (2) is less than 1.25 in respect of the accounting period because of circumstances that arose unexpectedly, and

(c) in those circumstances, the company could not reasonably have taken action to avoid the result being less than 1.25.

(3B) The regulations may specify criteria to be applied by the Commissioners in determining whether to waive a charge."

(2) The Commissioners may waive a charge in respect of accounting periods ending before the day on which this Act is passed.'.—*(Ian Pearson.)*

Schedule 35

PENSIONS: SPECIAL ANNUAL ALLOWANCE CHARGE

Mr. Timms: I beg to move amendment 48, page 291, line 28, at end insert '(but subject to paragraph 16A).'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: Amendment 29, page 293, line 4, leave out subsection (2).

Amendment 30, page 295, line 46, at end insert—

'(3) When an individual establishes a protected pension input amount in respect of any of the schemes listed in paragraphs 8 to 13 below and their arrangements change, the protected input amount applies to the new arrangement.'.

Amendment 25, page 296, line 25, at end insert—

'(3A) Where contributions are not paid in accordance with subsection 3(c) above, the protected pension input amount is the lower of £50,000 or the average of contributions made over the last three years.'.

[Mr. Deputy Speaker]

Amendment 26, line 297, line 23, at end insert—

'(3A) Where contributions are not paid in accordance with subsection 3(c) above, the protected pension input amount is the lower of £50,000 or the average of contributions made over the last three years.'.

Amendment 27, page 298, line 25, at end insert—

'(3A) Where contributions are not paid in accordance with subsection 3(c) above, the protected pension input amount is the lower of £50,000 or the average of contributions made over the last three years.'.

Amendment 28, page 299, line 15, at end insert—

'(2A) Where contributions are not paid in accordance with subsection 2(b) above, the protected pension input amount is the lower of £50,000 or the average of contributions made over the last three years.'.

Government amendments 49 and 50.

Mr. Timms: In the Budget, we announced a restriction of higher rate tax relief for the pension contributions of people with the highest incomes from April 2011. The House well understands why we had to introduce anti-forestalling rules in the meantime to protect an estimated £2 billion of tax that could have been at risk otherwise. The arrangements were designed to be fiscally neutral in the interim period between Budget day and April 2011. The principle that we adopted was to maintain higher-rate relief for continuing regular pension contributions over this interim period but to restrict the relief when contributions were additional to the regular pattern.

We have defined regular contributions as those made quarterly or more frequently—an established pattern of pension savings where it is readily possible to identify the typical level of contributions. The level is also likely to be consistent, as part of a contract with an employer or with a pension scheme direct, so it is relatively easy to isolate forestalling as distinct from normal pension saving. It is harder to identify as "normal" contributions that are made less frequently, particularly when that requires looking back over previous years, not least because the A-day changes made three years ago have altered pension saving habits. Irregular contributors have a much more limited track record on which to base judgments on typical levels of contributions, and the payments tend to vary more in size.

Many self-employed people and others, particularly those with personal pensions, make annual contributions or contribute on a more ad hoc basis as their circumstances allow, and we did not want to damage their interests. The regime includes an annual savings limit of £20,000 on which people are entitled to receive higher-rate relief. For some people—a relatively small group—£20,000 will be less than they have tended to contribute to their pension in the years since A-day. Incidentally, it will often be more than they could have contributed before A-day, but not since.

6.45 pm

In my written ministerial statement on Budget day and in our debate in Committee, I acknowledged that difficulty and made it clear that I wanted to consider how best to protect annual contributors alongside more frequent contributors, without risking large additional Exchequer losses. So we have Government amendments 48, 49 and 50, providing that if irregular contributions have been made over the past three years, the special annual allowance will be increased to the average of those contributions, but with an upper limit of £30,000.

The approach in the Government amendments is similar to that in Opposition amendments 25 to 28, which likewise refer to average contributions from the past three years and would set an upper limit. I welcome the Opposition's support for that approach. The difference between us, not surprisingly, is what the limit should be. The Government amendments set it at £30,000 while the Opposition amendments suggest £50,000.

The majority of people contributing on a non-regular basis had average contributions below the £20,000 level and so will be fully protected. Of those whose average contributions exceed that level, many are not far above it. We estimate that setting the limit at £30,000 will extend full protection to many annual contributors and to more than three quarters of all those affected. Only the highest quarter of contributors will be constrained at all, and they will see their limit for higher-rate pensions tax relief increased by half as much again, so they, too, will benefit.

I suggest to the House that the £30,000 level is sensible and will bring the costs of the anti-forestalling regime down to an additional £70 million over the next two years—more than would have been the case without the relaxation, but an affordable level. Setting the level at £50,000, on the other hand, would raise costs by £130 million, nearly twice as much. The Opposition amendments would also potentially, though I imagine unintentionally, open a loophole for people with several pensions to have an annual limit of £50,000 on each. This is a difficult area, but I hope that Opposition Members will feel able not to press their amendments and to support ours instead.

I wish to say a word about the other Opposition amendments, which have not yet been spoken to. On amendment 30, I have received representations on the subject of flexibility for those who change provider. I have thought about it, and I accept that we can be more flexible so that if somebody changes pension provider and carries forward exactly the same pension arrangements, they can retain their protected pension contributions. There is a risk, though, of inadvertently opening up significant avoidance. I would therefore like to take the matter forward through regulations, after consulting the industry on draft regulations. I accept the argument that lies behind the amendment, but I hope that on the understanding that I want to deliver that aim, the Opposition will not press it.

One matter not covered by the amendments has been raised with me, which is that the rules on the commencement dates for the anti-forestalling regime are too stringent with regard to the treatment of those who set up new pension arrangements on or just before Budget day. There is scope there, too, to be helpful, and we will discuss the matter with providers and make any change necessary through regulations.

If, as suggested in the Opposition's amendment 29, the income test applied only to the current tax year as opposed to the previous three, that would give people whose income is more than £150,000 a big incentive to reduce it below that level for the two years to which the anti-forestalling legislation will apply. People in that income bracket are often in a position to renegotiate

their pay to delay taking income into a later tax year. Removing the three-year rule would put at risk a significant amount of tax revenue—we estimate that it could be £100 million in the two years to April 2011. It is important to bear it in mind that, for the majority of pension savers—98.5 per cent.—schedule 35 changes nothing.

I hope that hon. Members will welcome the Government amendments and that Opposition Members will not be inclined to press their alternative amendments.

Mr. Hoban: Schedule 35 has caused much concern to many people, including pension providers and the self-employed. They are concerned about the hasty way in which it was introduced, without consultation, the rough edges that it creates and its discrimination against people who do not make regular contributions—quarterly or more frequently. People have made many representations and sought ways of amending the schedule so that the rules apply more reasonably.

The Financial Secretary, today and in Committee, emphasised a willingness to get the schedule right. However, he tempered that from time to time with a focus on the Revenue cost. He argued today and in Committee that some people are in a position to renegotiate their contracts to alter their package, thus taking advantage of amendment 29. However, some people who earn relatively low sums of money this year will have earned a large sum in the first year. I had an e-mail from a member of the public who earned little in the past two years but suddenly landed a contract this year and earned more than £150,000. *[Interruption.]* He may well have e-mailed other Members, too. That is the joy of e-mailing prolifically. Other examples have been given of other people who have received income in lumps. I want to ensure that the Government, in their pursuit of tax avoidance, do not create too many rough edges in the scheme so that people who are not in a position to manipulate their tax affairs lose out. That is why I tabled amendment 29.

I am grateful to the Financial Secretary for recognising the strength of the arguments behind amendment 30. Several people have mentioned not only a change in the provider of the scheme—obviously people do not want to lose the benefit of protection under the scheme if the business for which they work decides to change pension provider—but what happens when the scheme itself changes. I wonder whether the Financial Secretary could reassure me by saying that he will deal with that through regulation or that it is already covered in the schedule. It would be helpful if he listened to me rather than his neighbour.

We know that several large employers are closing down their defined benefit schemes and moving to defined contribution schemes. I had an e-mail from someone who was in a defined benefit scheme and was concerned that they would lose the benefit of the protected pension input amount provisions in schedule 35. Could the Financial Secretary say a little about how people in that situation would be protected? If someone remains in the same employment, with the same broad employment package, but the employer closes down the DB scheme and the employee is therefore forced to move to a DC scheme, will the protection remain? Given the changes that are likely to happen in the next couple of years and the number of DB schemes that are closing, that will be of interest to many people.

Let me turn now to amendments 25 to 28. I welcome the fact that the Government's thinking has moved. In Committee we looked at either increasing the special allowance from £20,000 to £50,000 across the board or averaging the previous year's contributions. We decided that we wanted to take a hybrid approach, and clearly the Treasury has been thinking along the same lines. We welcome the fact that the Government have moved some of the way, by introducing a £30,000 limit, which is not where I thought they were heading in Committee, when I thought that they were considering simply keeping the £20,000 limit. However, I am still not convinced that they have moved far enough in recognising the difficulties for those who are self-employed who make irregular contributions to their pension funds. I would have preferred a more generous limit, although I take on board the Minister's comments about the cost of the £50,000 limit compared with the cost of the £30,000 limit.

In conclusion, I will not press amendments 29 or 30 to a vote. I am pleased that the Government have taken on board the thrust of amendment 30 and come up with a more elegant and cheaper version of amendments 25 to 28. If the Minister had tabled those amendments rather sooner than the Friday before debating them, I might have tabled a more elegant amendment of my own to change £30,000 to £50,000. However, the Government have moved somewhat, thanks to the pressure from both inside and outside this House. I do not think that the proposed measure is perfect by any stretch of the imagination. Some people will still suffer from the sharp edges that the proposed anti-forestalling measure will introduce, but schedule 35 is certainly in better shape than it was when the Finance Bill was published a few months ago.

Amendment 48 agreed to.

Amendments made: 49, page 302, line 41, at end insert—

'*Increased special annual allowance*

16A (1) This paragraph has effect where the mean of the infrequent money purchase contributions amount for the tax years 2006-07, 2007-08 and 2008-09 ("the relevant mean") exceeds £20,000.

(2) Where the relevant mean is less than £30,000, this Schedule has effect as if the references in paragraph 1(4) and (5) to £20,000 were instead to the relevant mean.

(3) Where the relevant mean is £30,000 or more, this Schedule has effect as if those references were instead to £30,000.

(4) The "infrequent money purchase contributions amount" for a tax year is the aggregate of any relevant contributions paid in the tax year—

(a) under money purchase arrangements, other than cash balance arrangements, under registered pension schemes, and

(b) less frequently than on a quarterly basis;

(and so is nil if no such contributions were so paid).

(5) But if the infrequent money purchase contributions amount for a tax year would otherwise be greater than the annual allowance for the tax year, it is to be taken to be the annual allowance for the tax year.

(6) "Relevant contributions" means contributions which are—

(a) relievable pension contributions by or on behalf of the individual, or

(b) contributions paid by an employer of the individual in respect of the individual.'.

[Mr. Hoban]

Amendment 50, page 303, line 18, leave out 'are members of' and insert—

'(a) are or have been members of currently-relieved non-UK pension schemes, or

(b) have been members of overseas pension schemes that were not'.—*(Mary Creagh.)*

Schedule 48

EXTENSION OF INFORMATION AND INSPECTION POWERS

Amendment made: 8, page 368, line 14, leave out 'Paragraphs (c) and (d) of sub-paragraph 2A do' and insert 'Paragraph (c) of sub-paragraph 2A does'.—*(Mr. Gauke.)*

Schedule 56

PENALTY FOR FAILURE TO MAKE PAYMENTS ON TIME

Amendment made: 21, page 423, line 14, leave out 'by'.—*(Mr. Gauke.)*

Amendments made: 51, page 425, line 1, leave out from beginning to 'P' in line 2.

Amendment 52, page 425, line 4, leave out 'whether before or after that date,'.

Amendment 53, page 425, line 6, leave out 'during' and insert

'between the date on which P makes the request and the end of'.—*(Mary Creagh.)*

Third Reading

6.58 pm

Mr. Timms: I beg to move, That the Bill be now read the Third time.

Let me begin by thanking all hon. Members who have participated in the various stages of this Bill, from Second Reading in early May through to the Committee stage, which all of us who were involved hugely enjoyed, and to debates yesterday and today on Report. The Bill has benefited in a number of respects from the scrutiny that it has received.

The world economy is experiencing the worst conditions for generations. We are taking action to help families and businesses so that we can come through the downturn sooner and stronger. The Bill introduces measures to support the economy and the public finances, and measures to continue the modernisation of the tax system. Together with other policies across Government, it will help to put Britain firmly on the path to recovery.

Help is needed to support the economy through the current problems, and the Bill will help to implement the temporary VAT cut until the end of the year—a fiscal stimulus of more than £11 billion into the economy that has supported households, from those on higher incomes to those receiving benefits. Businesses also benefit from additional household spending. In addition, the exempt sector—including charities and financial services, health and education—is benefiting directly from lower VAT costs. There has been growing recognition that the measure is working.

The freeze in the small companies' rate of corporation tax will help more than 800,000 companies. The temporary extension of the loss carry-back rules, benefiting more than 140,000 businesses, will help many viable firms that face cash-flow difficulties. The Bill is helping to support investment by temporarily doubling, to 40 per cent., capital allowances for businesses investing now. That will benefit a further 60,000 businesses, together with the business payment support scheme, as part of which 160,000 agreements have already been reached with business, deferring tax payments of £2.7 billion.

The Bill provides real help for businesses now, targeting it at those in most need while encouraging investment for growth in the future. It also introduces measures to support the public finances through the medium term, which is a critically important task for us to accomplish. It tackles the challenges faced by the economy, but also provides for changes that will support businesses and individuals in the medium term. The high level of consultation, both formal and informal, that we carried out in preparing the Bill is reflected in the World Bank's "Doing Business 2009" survey, which ranks the UK sixth in the world for ease of doing business. The measures in the Bill are good for individuals, good for business and good for the economy as a whole. I commend the Bill to the House.

7.1 pm

Mr. Hoban: I wish that I could talk about the Bill with the same degree of conviction as the Financial Secretary. He has referred to what appeared to be a cornucopia of goodies, but I have to say that this has been a relatively uncontroversial Finance Bill. It has ducked the main issues. Although we have the legislation to establish the 50p rate, the measure to set the rate is deferred to another day; there are measures aimed at fiscal consolidation, such as the anti-forestalling measures on pension contributions, but the increase in national insurance contributions announced in the pre-Budget report is not in the Bill. That has rather limited the areas of heated debate between those on the two Front Benches.

As ever with Finance Bills, the areas of controversy have been principally those on which the Government have not consulted beforehand—the measures that were slipped into the Bill in the days and hours leading up to the Budget. We have had debates about the role of senior accounting officers, and about pensions anti-forestalling rules, for example. In both areas the Government have been widely criticised for failing to consult industry. That lack of consultation undermines the competitiveness of the tax system and creates uncertainty for businesses. It sends out a message that businesses cannot be sure that measures announced in the pre-Budget report represent the full sum of the technical measures to be introduced in the Finance Bill. That causes business a great deal of concern.

Once the Government had bunged those measures into the Bill, they had to retreat and listen to the forceful arguments put forward by us and by those outside the House. That is why, to reflect some of those concerns, we have seen amendments tabled in Committee and on Report. We have made the Government see the merits of allowing people who make irregular contributions to their pension scheme to receive higher-rate tax relief on their contributions. We have forced the Government

to modify the rules on senior accounting officers in a way that leads us to ask what the measure is actually for. Will it simply impose additional costs on business but bring in no real return to HMRC?

Those are not the only areas in which the Government have been prepared to listen. My hon. Friends the Members for South-West Hertfordshire (Mr. Gauke) and for Hammersmith and Fulham (Mr. Hands) have either had amendments accepted by the Government or provided the inspiration for amendments that have been accepted. The Government might say that that shows that they are a listening Government, but it also demonstrates the value of consultation and discussion, as opposed to acting first and thinking later.

The Bill also demonstrates a lack of political will on the part of the Government, and a failure to push forward with difficult reforms. They have abandoned proposals for a per-plane duty as a replacement for air passenger duty. With political will, those proposals could have worked; instead the Government have introduced banded air passenger duty, which will affect many from the Caribbean community who will end up paying more for their flights. A lack of nerve has meant that sensible environmental tax changes have been abandoned.

There are measures in the Bill that we commend. The reforms to the taxation of foreign profits should make Britain a more attractive place to do business. I hope that it will stem the outflow of businesses from the UK seeking to re-domicile their headquarters overseas, but it should be a salutary reminder to the Government that they cannot afford to neglect the competitiveness of the UK's tax system. That is why my hon. Friend the Member for South-West Hertfordshire tabled a new clause asking the Government to produce an annual report on the measure. Government neglect of the competitiveness of the UK tax system not only risks businesses from this country moving elsewhere, but acts as a barrier to the inward investment that we will need to restart the economy when the recession is over. Businesses are mobile and tax competition can erode our tax base as businesses move overseas, forcing tax rates to go up.

I have referred to measures introduced to deal with the taxation of foreign profits, and the new debt cap rules were part of that package. A number of representations have been made about the detail and the practical impact of those rules. A number of people have expressed the concern that there is a risk of incentivising debt at the expense of international businesses that use their own resources to fund inward investment.

Our debate on dividend exemption demonstrated the increasing influence of the EU on our tax affairs, as rules on the free movement of capital and establishment now make it difficult to have rules that favour UK companies. It was because of a threat from the EU that the dividend exemption rules dictate that dividends from UK companies are not automatically exempt. That is a retrograde step for UK companies that were previously used to having all their dividends and distributions automatically exempted.

Despite the Finance Bill running to 448 pages, there were only three measures on tax simplification. At a time when we need to reduce the burden on businesses, we should be seeking more opportunities to reduce the complexity of legislation and the costs of compliance.

There were few controversial issues for the Committee to get its teeth into. Difficult decisions, as with so many other areas of this Government's policy, have been kicked into the long grass. At a time when the tax system needs reform to help businesses, to support families and to adjust to the realities of modern business, the Bill does little to address the challenges that lie ahead. This is a Bill from a Government who have run out of steam, run out of ideas and run out of road—no big arguments, no big ideas.

7.8 pm

Mr. Jeremy Browne: The Finance Bill is an inevitably enormous piece of legislation that is rightly subjected to many months of scrutiny both in Committee and on the Floor of the House. It has been a privilege to get to know the other hon. Members who have scrutinised the Bill with a degree of detail and to come to understand better their qualities—and occasionally, as in my own case, limitations. We have all got to know each other better and I hope that we have all subjected the Bill to a suitable level of scrutiny.

I would like to take this opportunity to thank a few people: Hanneke Hart, my master researcher, without whose efforts I would not have been as well equipped to try to hold the Government to account; Madeline Lewis from PricewaterhouseCoopers and John Whiting, formerly of that organisation, have been very helpful; and my hon. Friends the Members for South-East Cornwall (Mr. Breed) and for Southport (Dr. Pugh) have shouldered the burden of the many hours of scrutiny that we have undertaken.

The backdrop to this Bill is the ruinous state of the public finances. As a country, we are borrowing an extra £480 million every single day—a level of borrowing that is without precedent and clearly unsustainable in anything more than the fairly short term. That big backdrop required a Government who had big, bold measures in order to address the magnitude of the situation. Instead, we were given a very small Finance Bill containing many micro-proposals. In the last few days, for example, we have discussed a small above-inflation increase in the duty on beer at a time when pubs are closing, breweries are struggling and beer consumption is falling. The amount of extra revenue raised will be tiny, if it exists at all. Only this afternoon, we discussed further punitive measures affecting the bingo industry at a time when bingo halls are closing. Again, the amount of extra revenue will be tiny, if any money is raised at all.

The Minister talked of the VAT cut. The Bill enabled us to extend it by one extra month: that is another timid measure. Even the measures that have been sold to the public as big, headline, dividing-line issues, such as the 50p income tax rate—a broken Labour manifesto promise—turn out, when subjected to closer scrutiny, to be raising very little money in the grand scheme of things, and possibly no additional revenue at all.

The sad conclusion that we must reach after several months of detailed scrutiny is that this Government are exhausted, and that what is needed is a fresh start with innovative ideas and bold leadership for our country.

7.11 pm

Stewart Hosie: As the Minister said, the Bill extends the temporary VAT cut. He suggested that there was evidence that it is working. Even now, at the stage of this short Third Reading debate, there is still extraordinary

[Stewart Hosie]

denial. The temporary VAT cut will protect fewer than half the number of jobs that the same amount of money would have protected had it gone into direct capital investment. The tragedy is that with debt approaching £1.6 trillion, with net investment due to fall from £44 billion to £22 billion and with employment rising—we have seen the largest-ever single monthly rise this year—all that we are seeing is tinkering around the edges.

I will not detain the House further, but I agree with the other Front-Bench spokesmen that this is a Bill from a Government who have clearly hit the buffers.

Question put and agreed to.

Bill accordingly read the Third time and passed.

Business without Debate

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Alan Haselhurst): With the leave of the House, we shall take motions 3 to 6 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

PENSIONS

That the draft Financial Assistance Scheme (Miscellaneous Provisions) Regulations 2009, which were laid before this House on 16 June, be approved

LEGAL SERVICES COMMISSION

That the draft Criminal Defence Service (Provisional Representation Orders) Regulations 2009, which were laid before this House on 10 June, be approved.

CRIMINAL LAW

That the draft Criminal Justice and Immigration Act 2008 (Violent Offender Orders) (Notification Requirements) Regulations 2009, which were laid before this House on 9 June, be approved.

CHILDREN AND YOUNG PERSONS

That the draft Children Act 1989 (Higher Education Bursary) (England) Regulations 2009, which were laid before this House on 16 June, be approved.—*(Mark Tami.)*

Question agreed to.

SELECT COMMITTEE ON REFORM OF THE HOUSE OF COMMONS

Motion made,

(1) That a Select Committee be appointed to consider and make recommendations on the following matters:

(a) the appointment of members and chairmen of select committees;

(b) scheduling business in the House;

(c) enabling the public to initiate debates and proceedings in the House; and

(d) such other matters as appear to the Committee to be closely connected with the matters set out above, and to report on these matters by 13 November 2009;

(2) That the Committee also consider such other matters as may be referred to it from time to time;

(3) That the Committee consist of eighteen Members;

(4) That Mr Graham Allen, Mr Clive Betts, Mr Graham Brady, Mr David Cleiland, Mr David Drew, Natascha Engel, Dr Evan Harris, David Howarth, Mr Michael Jack, Mr Greg Knight, Mr Elfyn Llwyd, Mr Chris Mullin, Dr Nick Palmer, Martin Salter, Dr Phyllis Starkey, Mr Andrew Tyrie, Dr Tony Wright and Sir George Young be members of the Committee;

(5) That Dr Tony Wright be Chairman of the Committee;

(6) That the Committee have power to send for persons, papers and records, to sit notwithstanding any adjournment of the House; to adjourn from place to place, to report from time to time and to appoint specialist advisers;

(7) That this Order be a Standing Order of the House until the end of the present Parliament.—*(Mark Tami.)*

Hon. Members: Object.

Taxation of Pensions

Motion made, and Question proposed, That this House do now adjourn.—*(Mark Tami.)*

7.12 pm

Barry Gardiner (Brent, North) (Lab): The debate has come about because of an unexpected reduction in the available pension commencement lump sum suffered by one of my constituents, whom I shall refer to simply as Dr. Robert, after he retired. I have corresponded with the Treasury about the matter, and I would not normally seek to detain the House by debating an issue that might otherwise be handled by means of an exchange of letters with the Minister. I do so on this occasion for the following reasons.

First, Dr. Robert's case has exposed what I believe to be an anomaly in schedule 29 of the Finance Act 2004 as it relates to tax-free pension lump sum allowances. His case cannot, therefore, be remedied at an individual level; it can only be remedied by the will of the House in future legislation. Secondly, although the majority of pensioners will not have been affected by the injustice that I believe Dr. Robert has suffered, his case is far from unique. While I suspect that very few who have been affected by the anomaly in the regulations will have been able to articulate the fact with the same mathematical clarity as my constituent, they will have felt no less bewildered and cheated than he has.

My third reason for raising the matter in the House is that in his letter to me of 19 November last year, my hon. Friend the Economic Secretary to the Treasury acknowledged the real problems that had been created by the lump sum rule. He even acknowledged that my constituent had proposed

"solutions that overcome these effects by taking account of the actual amounts of pension commencement lump sum paid in each case."

Unfortunately, the letter proceeded to justify not adopting those solutions on the grounds that they would add administrative complexity. That cannot be right; injustice cannot be excused on the basis of administrative inconvenience.

Having set out my reasons for bringing the matter before the House, I must now present the detailed arguments relating to the tax rules. I apologise in advance that they are necessarily technical and complicated, but I will try to reconcile simplicity with accuracy as best I can.

Since what the Government chose to call A-day, 6 April 2006, there has been a lifetime allowance, known as an LTA, of £1.5 million. That is the limit imposed not on an individual's pension fund itself, but on that element of the cumulative pension fund from which an individual can withdraw or crystallise a lump sum without incurring a lifetime allowance charge. The figures are indexed each year, but if we talk in 2006 money, an individual is entitled to take a tax-free lump sum called a pension commencement lump sum, or PCLS, of up to £375,000, which is 25 per cent. of the standard LTA of £1.5 million.

My constituent had a pension in progress at A-day that had a capital value of £250,000, with 25 per cent. crystallised lump sum rights of £62,500. He also had an NHS pension with a capital value of £1.2 million, where, under the NHS scheme, the lump sum entitlement was limited to 13.04 per cent. rather than the Government figure of 25 per cent. He also had four other uncrystallised pension funds totalling £580,000 in capital value, and a scheme lump sum entitlement of 20 per cent. amounting to £145,000. Finally, he had a post-1987 freestanding additional voluntary contribution scheme worth £60,000. That scheme, although allowing him to take a lump sum of £25,000, would under Treasury rules not be allowed to count as part of his VULSR, which is Treasury-speak for valuation of uncrystallised lump sum rights, and could therefore not be calculated towards the total lump sum rights minimum figure of £375,000, at which point he could register for primary or enhanced lump sum protection in accordance with RPSM03105070.

Dr. Robert registered for enhanced—dormant primary—transitional protection of his LTA. His declared LTA if needed later for primary protection was 139.33 per cent., which equates to £2.09 million rather than the £1.5 million. The reason he could not apply for enhanced lump sum protection was that his total lump sum rights on A-day did not quite reach £375,000. We should remember at this point that he had crystallised £62,500 already and had a further £156,480, which represented the 13.04 per cent. of his NHS pension, as well as a further £145,000 which represented 25 per cent. of his four pensions with a capital value of £580,000, and zero from his post-1987 freestanding AVC.

Dr. Robert chose to crystallise his NHS pension shortly after A-day and received a PCLS of £156,480. When added to his pre-commencement pension, this meant he had used up 96.66 per cent. of a standard LTA. However, because he had registered for enhanced—dormant primary—protection, he knew he had, in fact, got 42.67 per cent. of LTA still remaining. On deciding shortly thereafter to crystallise his four private pension plans, he was told that although he had crystallised only 58.4 per cent. of his available lump sum rights, he could now crystallise only £12,500 tax-free—or 3.34 per cent. of £375,000—before he would exceed his PCLS allowance. The Treasury deemed him to have used up 96.66 per cent. of his tax-free lump sum allowance when, in reality, he has used only 58.4 per cent. of it. The reason for that is because the way in which the lump sum rule operates does not recognise that the amount he could take as a lump sum from his national health service pension was limited to 13.04 per cent. of its capital value.

The lump sum rule, as defined in schedule 29(2) of the Finance Act 2004, tracks the decrementing "available portion" of PCLS remaining, after "benefit crystallisation events", from an individual's PCLS lump sum entitlement, called the "applicable amount". The "applicable amount" is not the problem here; the problem is in the way the decrementing "available portion" is calculated after each progressive lump sum crystallisation event. The available portion is initially defined in schedule 29(2) and RPSM09104510 by the formula: "available portion" equals the current standard lifetime allowance indexed to the year in question minus the aggregate of amount crystallised—AAC—for each proceeding benefit crystallisation event, all divided by four.

The rationale behind the formula is that it progressively tracks the decrementing available portion to zero, thus ensuring that no excess PCLS is paid out by pension administrators. However, it makes the extremely unfair assumption that each individual crystallisation that goes

[Barry Gardiner]

to make up the AAC actually represents 25 per cent. of the PCLS. That assumption, represented by the use of four as the divisor in the formula, is simply unfounded, as is shown in the case of Dr. Robert, whose scheme did not allow him to crystallise more than 13.04 per cent.

Thus far, I am confident that the Exchequer Secretary to the Treasury accepts that what I have said is accurate, both factually and with regard to the calculations. I say that because her officials have acknowledged as much to me in correspondence. A letter from the Economic Secretary to the Treasury expressed it by saying that

"as the amount deducted from the lifetime allowance is the value of the overall total benefits taken it is possible as"—

this—

"case illustrates, for members to get an aggregate pension commencement lump sum of less than 25 per cent. of their aggregate lifetime allowance if one or more of their pension schemes chooses to pay a pension commencement lump sum of less than the 25 per cent. maximum".

With respect, that is to acknowledge the injustice, but not to remedy it.

The letter goes on to give an excuse of, "Not my fault, guv," when it says that

"there is no hindrance in the tax rules preventing the maximum pension commencement lump sums from being paid. It is, quite rightly, a matter between pension schemes and their sponsors and members whether they pay out less than the permitted maximum of 25 per cent."

That claim might have had a brighter ring to it were it not for the fact that the Government's own civil service pension scheme did not enable full commutation to 25 per cent. until 1 October 2007. Furthermore, the NHS pension authority delayed until 6 April 2008, some two years after A-day.

Those two pension schemes represent the majority of the UK's public sector employers. In the light of that, I consider the idea that the Government can absolve themselves of a duty to get the lump sum rule right by blaming the pension fund's sponsors as wide of the mark. The Government have a duty to legislate for the world as it is, and as they know it to be, not to put pensioners on some Procrustean bed and chop them to the same size, regardless of the actual rules of their pension fund, especially when the Government operate two such non-compliant funds themselves, employing millions of public sector workers.

In his letter, my hon. Friend the Economic Secretary declined to resolve the anomaly in the lump sum rule on the grounds that to do so would add administrative complexity. He says:

"Under the pre-A-day rules pension schemes did not routinely keep details of tax-free retirement lump sums. And post-A-day pension schemes simply pass on details of the unused lifetime allowance available to an individual, and not this information plus details of pension commencement lump sums paid to date."

I point out that given that HMRC has already had to develop efficient "application for protection" and "event report" schemes, the additional work involved in tracking the actual rather than the assumed PCLS crystallisations of those individuals eligible for an enhanced LTA over their lifetime should not be greater than that already required for those who register lump sum rights greater than £375,000 in respect of primary or enhanced protection.

My hon. Friend also failed to indicate that pension schemes are also required to maintain precise records of pensions paid, including PCLS, for six years after A-day. Indeed, since A-day, they have been obliged to complete detailed annual electronic returns online to HMRC, using APSS300, which covers 20 wide-ranging event reports pertaining to transfers and payments made from the scheme to individual scheme members. Those events are detailed in RPSM12301010-12301220 and S.I.2006/257. Within APSS300, only event reports 6, 7 and 8 require consideration for the PCLS in relation to the anomaly in the lump sum rule. There is no specific event report at present for a PCLS paid to an individual with enhanced LTA who does not have additional PCLS rights greater than £375,000. A small amendment to the APSS300 reporting requirements of event 6 would go a long way to remedying the anomaly.

My hon. Friend the Exchequer Secretary has had a long day, and I am conscious that this is a detailed and difficult issue. I know that she is aware of all the technicalities of it, because of the correspondence that I have had with her officials, but I urge her to look again at how a very small change in the rules can prevent a continuing and wide-ranging injustice.

Mr. Deputy Speaker (Sir Alan Haselhurst): I now have to announce the result of a question deferred from a previous day on a question relating to justice and security. The Ayes were 421 and the Noes were 64, so the Ayes have it.

I shall also announce the result of a Division deferred from a previous day on the question relating to identity cards (provision of information without consent). The Ayes were 272 and the Noes were 219, so the Ayes have it.

I shall also announce the result of a Division deferred from a previous day on the question relating to identity cards (information and code of practice on penalties). The Ayes were 271 and the Noes were 218, so the Ayes have it.

I shall also announce the result of a Division deferred from a previous day on the question relating to identity cards (fees). The Ayes were 270 and the Noes were 218, so the Ayes have it.

I shall also announce the result of a Division deferred from a previous day on the question relating to identity cards (application and issue of ID card and notification of changes). The Ayes were 271 and the Noes were 218, so the Ayes have it.

I shall also announce the result of a Division deferred from a previous day on the question relating to identity cards (prescribed information). The Ayes were 273 and the Noes were 217, so the Ayes have it.

I shall also announce the result of a Division deferred from a previous day on the question relating to the EU preliminary draft budget 2010. The Ayes were 345 and the Noes were 142, so the Ayes have it.

[The Division lists are published at the end of today's debates.]

7.30 pm

The Exchequer Secretary to the Treasury (Sarah McCarthy-Fry): I congratulate my hon. Friend the Member for Brent, North (Barry Gardiner) on securing this debate and on bringing his constituent's concerns to the

attention of the House. I know that his constituent has already been the subject of some highly technical correspondence with HMRC, which, I understand, is ongoing. I do not think that this is the place for that detailed technical discussion of the finer workings of the pension legislation, but it would be helpful if I responded to my hon. Friend by considering the issues in broad terms.

As my hon. Friend is aware, under the new pension rules a pension scheme member can receive up to 25 per cent. of their pension fund as an initial tax-free lump sum when their pension starts to be paid. The total amount that individuals can save in a pension tax-free is subject to a lifetime allowance, which currently stands at £1.75 million. That limit is a maximum, within which pension funds may decide how best to provide benefits to their members. However, the Government need to ensure that the system is used fairly and remains affordable for the taxpayer, so there are limits on the amount of tax relief available to an individual.

If there were no limits to the amounts of tax relief available on pension savings, some people might use them as general savings accounts and would put away far more than was necessary simply to provide a retirement income, instead using pensions as a way to avoid income tax. In that case, the cost to the Exchequer in tax relief could be open-ended.

The cap on the size of tax-free lump sums therefore ensures that the tax relief available for pensions is kept to the level intended by Parliament and allows the Government to monitor the cost of tax relief to the taxpayer. As I said, the lifetime allowance is the maximum tax advantaged pension benefits an individual can accumulate, other than under transitional rules. That limit is an optional maximum, within which pension funds may decide how best to provide benefits to their members.

When the individual has more than one pension fund, the maximum tax-free lump sum that an individual can take is based on the lower of 25 per cent. of the money held in a particular pension fund and 25 per cent. of the lifetime allowance available. As each pension scheme comes into payment, the lifetime allowance is reduced by the value of the total benefits taken. Therefore, if one pension scheme pays a lump sum of less than 25 per cent., that will mean that the total lump sum from all schemes will be less than 25 per cent. of the value of all the pension funds as no pension can provide a lump sum bigger than 25 per cent. of the funds held by the individual in that scheme.

A similar issue arises in connection with the enhanced protection rules.

Barry Gardiner: My hon. Friend is absolutely right to make that point. However, does she not consider it wrong that there should be an assumption that runs absolutely counter to the fact of what the actual payment is? Is it not wrong that there should be an assumption that the full 25 per cent. has been paid out when, in many cases, it will not have been?

Sarah McCarthy-Fry: There is not a requirement for schemes to allow 25 per cent—I think that that is where we are getting a bit confused—rather it is the maximum tax-free lump sum permitted in tax rules.

Barry Gardiner: Indeed, that is the case—it is the maximum admissible—but, as my hon. Friend will know, the two pension schemes that I quoted and many others do not allow that and did not allow that. Millions of workers in this country are affected by the limitation of those schemes, and a correction to the regulations could avoid their being penalised.

Sarah McCarthy-Fry: Very few pensioners will have pensions anywhere near the lifetime allowance, and we have to take that fact into account. We must also take into account the fact that it would add complexity, a point that I will develop later. Our rules must balance what will affect a few individuals against the complexity that would affect many more pensioners. The decision about going to the maximum 25 per cent. is a matter for individual pension schemes.

I sympathise with my hon. Friend's concerns on this matter, but the current rules work well for the vast majority of people. Pension simplification was intended to introduce rules that are simple, clear and certain. Using a scheme upper limit of 25 per cent. achieves that: it benefits pension schemes by reducing administrative burdens, and benefits individuals by making the rules easier to apply.

The Government considered this issue when drawing up the framework that was eventually introduced on A-day, and it was recognised at the time that some individuals may not be able to claim the full 25 per cent. tax-free lump sum. Alternative methods that attempted to measure the size of multiple pension funds and calculate the relevant 25 per cent. lump sum would require pension schemes to maintain records of pensions savings before A-day. Opting for that method would require a complex and unrealistic approach to valuing pensions. Members would have to obtain or retain the values and dates of payment of all lump sum payments over a period that may be five, 10 or more years before April 2006.

That would be a costly and time-consuming exercise. Schemes are required to keep records for only six years, and finding that information would be either impossible or costly. Our experience of other pension law, such as trivial commutation, is that such record keeping would represent significant administrative burdens. Most schemes do not have complete records and it would be unrealistic to expect members to provide that information. That is why a simple formula based on a percentage was used.

It is also important to bear it in mind that the tax rules do not guarantee that the maximum tax-advantaged benefit can always be paid: they simply provide a framework within which a pension scheme and its members are free to order their affairs as they wish. In some circumstances, that will mean that a member will not be able to obtain the maximum tax advantages.

The legislation deliberately does not prescribe the level of the tax-free lump sum. Instead, it provides a framework within which pension funds and individuals must operate, and that means that pension funds have the freedom to determine the appropriate package of benefits that they offer to their members. Legislating that pension schemes must provide a 25 per cent. lump sum, or allowing individuals to take a higher percentage from one fund to make up a lower percentage from another, would effectively remove the ability for pension funds to manage their affairs.

[Sarah McCarthy-Fry]

There is nothing to stop the maximum lump sum being paid if the member and pension scheme want to reorder their affairs. It is for the pension scheme to decide what benefits it wants to pay and for the individual to decide how to take them, within the framework that the legislation provides.

As I said, the tax rules have to cater for a large number of individuals and different circumstances. In doing so, they have to balance complexity with catering for different circumstances, and that is what the current lump sum rules do. They are simple, clear and certain, and very generous in allowing most individuals to take the maximum tax-free lump sum that they can. We also have to bear it in mind that we are talking about the tax-free lump sum only, and that the underlying pension is not affected.

Of course the Government keep all tax policy under review, but the rules cannot cater for all circumstances and it would be unrealistic to change them to try to do so. The Government want to balance fairness and simplicity, and we think that the rules would become overly complicated if they were to accommodate the circumstances of all individuals.

Question put and agreed to.

7.38 pm

House adjourned.

Deferred Divisions

Justice and Security

That the draft Justice and Security (Northern Ireland) Act 2007 (Extension of duration of non-jury trial provisions) Order 2009, which was laid before this House on 8 June, be approved.

The House divided: Ayes 421, Noes 64.

Division No. 188]

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Amess, Mr. David
Ancram, rh Mr. Michael
Anderson, Janet
Arbuthnot, rh Mr. James
Armstrong, rh Hilary
Atkinson, Mr. Peter
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Baron, Mr. John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Beresford, Sir Paul
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bone, Mr. Peter
Borrow, Mr. David S.
Boswell, Mr. Tim
Bradshaw, rh Mr. Ben
Brady, Mr. Graham
Brazier, Mr. Julian
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butler, Ms Dawn
Butterfill, Sir John
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Cash, Mr. William
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clappison, Mr. James
Clark, Greg
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Kenneth
Clarke, rh Mr. Tom
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cormack, Sir Patrick
Crabb, Mr. Stephen
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curry, rh Mr. David
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dorries, Nadine
Dowd, Jim
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Eagle, Angela
Eagle, Maria
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Evans, Mr. Nigel
Fallon, Mr. Michael
Field, Mr. Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Fox, Dr. Liam
Francis, Dr. Hywel
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Gapes, Mike
Garnier, Mr. Edward
Gauke, Mr. David
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Mr. Paul
Gray, Mr. James
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hague, rh Mr. William
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harper, Mr. Mark
Harris, Mr. Tom
Havard, Mr. Dai
Hayes, Mr. John
Heald, Mr. Oliver
Healey, rh John
Heathcoat-Amory, rh Mr. David
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hendry, Charles
Hepburn, Mr. Stephen
Heppell, Mr. John
Herbert, Nick
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Hoon, rh Mr. Geoffrey
Hope, Phil
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, rh Mr. George
Howarth, Mr. Gerald
Howell, John
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. David
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lammy, rh Mr. David
Lansley, Mr. Andrew
Laxton, Mr. Bob
Lazarowicz, Mark
Leigh, Mr. Edward
Lepper, David
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Mr. Ivan
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Linton, Martin
Lloyd, Tony
Loughton, Tim
Lucas, Ian
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Maclean, rh David
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McFadden, rh Mr. Pat

McFall, rh John
McGuire, rh Mrs. Anne
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Meale, Mr. Alan
Mercer, Patrick
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Mundell, David
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Neill, Robert
Norris, Dan
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Oiner, Mr. Bill
Osborne, Mr. George
Osborne, Sandra
Ottaway, Richard
Owen, Albert
Palmer, Dr. Nick
Paterson, Mr. Owen
Pearson, Ian
Penrose, John
Pickles, Mr. Eric
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Randall, Mr. John
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shapps, Grant
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simmonds, Mark
Simon, Mr. Siôn
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soames, Mr. Nicholas
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Streeter, Mr. Gary
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr. Graham
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Syms, Mr. Robert
Tami, Mark
Tapsell, Sir Peter
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Todd, Mr. Mark
Touhig, rh Mr. Don
Tredinnick, David
Trickett, Jon
Turner, Mr. Andrew
Turner, Mr. Neil
Twigg, Derek
Tyrie, Mr. Andrew
Ussher, Kitty
Vara, Mr. Shailesh
Vaz, rh Keith
Villiers, Mrs. Theresa
Vis, Dr. Rudi
Wallace, Mr. Ben
Walley, Joan
Waltho, Lynda
Ward, Claire
Waterson, Mr. Nigel
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilshire, Mr. David
Wilson, Phil
Wilson, Mr. Rob
Wilson, Sammy
Winnick, Mr. David
Winterton, Sir Nicholas
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George

NOES

Baker, Norman
Beith, rh Sir Alan
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burstow, Mr. Paul
Burt, Lorely
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Corbyn, Jeremy
Davies, Mr. Dai
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Horwood, Martin
Howarth, David
Huhne, Chris
Hunter, Mark
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
McDonnell, Dr. Alasdair
McDonnell, John
McGrady, Mr. Eddie
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Pelling, Mr. Andrew
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Robertson, Angus
Rogerson, Dan
Rowen, Paul
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Shepherd, Mr. Richard
Simpson, Alan
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Teather, Sarah
Webb, Steve
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny

Question accordingly agreed to.

IDENTITY CARDS

That the draft Identity Cards Act 2006 (Provision of Information without Consent) Regulations 2009, which were laid before this House on 6 May, be approved.

The House divided: Ayes 272, Noes 219.

Division No. 189]

AYES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben

Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Khan, rh Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Touhig, rh Mr. Don
Trickett, Jon
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Abbott, Ms Diane
Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baron, Mr. John
Beith, rh Sir Alan
Beresford, Sir Paul
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, Mr. Gregory
Campbell, Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Challen, Colin
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth

Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Devine, Mr. Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julie
Goodman, Mr. Paul
Gray, Mr. James
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Mason, John
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rogerson, Dan
Rowen, Paul
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Todd, Mr. Mark
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winnick, Mr. David
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Question accordingly agreed to.

Identity Cards

That the draft Identity Cards Act 2006 (Information and Code of Practice on Penalties) Order 2009, which was laid before this House on 6 May, be approved.

The House divided: Ayes 271, Noes 218.

Division No. 190]

AYES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Donohoe, Mr. Brian H.

Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Khan, rh Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Touhig, rh Mr. Don
Trickett, Jon
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Abbott, Ms Diane
Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baron, Mr. John
Beith, rh Sir Alan
Beresford, Sir Paul
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Challen, Colin
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Devine, Mr. Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Gray, Mr. James
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark

Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Mason, John
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rogerson, Dan
Rowen, Paul
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Todd, Mr. Mark
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winnick, Mr. David
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Question accordingly agreed to.

Identity Cards

That the draft Identity Cards Act 2006 (Fees) Regulations 2009, which were laid before this House on 6 May, be approved.

The House divided: Ayes 270, Noes 218.

Division No. 191]

AYES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric

Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Khan, rh Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgróve, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Touhig, rh Mr. Don
Trickett, Jon
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Abbott, Ms Diane
Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baron, Mr. John
Beith, rh Sir Alan
Beresford, Sir Paul
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Challen, Colin
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Devine, Mr. Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Dun[illegible]mith, rh Mr. Iain
[illegible]
Fall[illegible]ichael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Gray, Mr. James
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Holloboné, Mr. Philip
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Mason, John
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McGrady, Mr. Eddie
McIntosh, Miss Anne

McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rogerson, Dan
Rowen, Paul
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Todd, Mr. Mark
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winnick, Mr. David
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Question accordingly agreed to.

Identity Cards

That the draft Identity Cards Act 2006 (Application and Issue of ID Card and Notification of Changes) Regulations 2009, which were laid before the House on 9 June, be approved.

The House divided: Ayes 271, Noes 218.

Division No. 192]

AYES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Khan, rh Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian

Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Steele, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Touhig, rh Mr. Don
Trickett, Jon
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Watts, Ms Lynda
Ward, Claire
Watson, Mr. Tom
Wallis, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Abbott, Ms Diane
Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baron, Mr. John
Beith, rh Sir Alan
Beresford, Sir Paul
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Challen, Colin
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Devine, Mr. Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Gray, Mr. James
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Lull, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Mason, John
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rogerson, Dan
Rowen, Paul
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John

Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Todd, Mr. Mark
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winnick, Mr. David
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Question accordingly agreed to.

IDENTITY CARDS

That the draft Identity Cards Act 2006 (Prescribed Information) Regulations 2009, which were laid before this House on 9 June, be approved.

The House divided: Ayes 273, Noes 217.

Division No. 193]

AYES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Cleyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael (*Worcester*)
Foster, Michael Jabez (*Hastings and Rye*)
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Khan, rh Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lawton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Malkaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sailer, Martin

Anwar, Mr. Mohammed
Seabeck, Alison
Sharma, Mr. Virendra
Shawcross, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Steele, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Touhig, rh Mr. Don
Trickett, Jon
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Watkin, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Abbott, Ms Diane
Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baron, Mr. John
Beith, rh Sir Alan
Beresford, Sir Paul
Binns, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Braine, Tom
Bracher, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Challen, Colin
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Gray, Mr. James
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hulme, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Lloyd, Mr. Elfyn
Loughton, Tim
Lull, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Maclean, rh David
Macneil, Mr. Angus
Mason, John
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Morrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rogerson, Dan
Rowen, Paul
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Todd, Mr. Mark
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winnick, Mr. David
Wirsterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Question accordingly agreed to.

PRELIMINARY DRAFT BUDGET 2010

That this House takes note of the unnumbered Explanatory Memorandum dated 11 June 2009 from HM Treasury on the Preliminary Draft Budget of the European Communities for the year 2010; and supports the Government's efforts to maintain budget discipline in relation to the budget of the European Communities.

The House divided: Ayes 345, Noes 142.

Division No. 194]

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farron, Tim
Featherstone, Lynne
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goldsworthy, Julia
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kestch, Mr. Paul
Kelly, rh Ruth
Kennedy, rh Mr. Charles
Khan, rh Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Malliaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey

Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baron, Mr. John
Beresford, Sir Paul
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
[illegible]ncois, Mr. Mark
Fra[illegible], Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Gray, Mr. James
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Howell, John
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Mason, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Randall, Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Dr. Richard
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, Hywel
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Question accordingly agreed to.

House of Commons

Thursday 9 July 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

ENERGY AND CLIMATE CHANGE

The Secretary of State was asked—

Domestic Energy Tariffs

1. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): What recent discussions he has had with (a) energy companies and (b) Ofgem on the structure of domestic energy tariffs; and if he will make a statement. [285151]

The Secretary of State for Energy and Climate Change (Edward Miliband): I have frequent discussions with Ofgem and the energy companies on domestic energy tariffs. In the past nine months, and following Ofgem's finding of unfair pricing, suppliers have removed £300 million in unfair premiums, including £96 million from those on prepayment meters. Ofgem is also changing the law to forbid future unfair discrimination against customers on the basis of where they live or how they pay.

Mr. Carmichael: I am grateful to the Secretary of State for that answer. Is he aware of the situation that faces some of my constituents? When changing from prepay meters to key meters—from card meters to key meters—they found that they had to pay the premium, which was later to be refunded by the energy company. Surely that system should not be allowed to operate.

Edward Miliband: I am grateful to the hon. Gentleman for raising that issue and I hope that the change in licence conditions that Ofgem is introducing will prevent unfair pricing practices. I should be grateful if he wrote to me, or provided me with more information, about the particular practice he was talking about, and I shall obviously draw it to Ofgem's attention to see what can be done.

Alan Simpson (Nottingham, South) (Lab): The Secretary of State will recall that earlier in the year the Prime Minister met a group of MPs who were concerned about the complete mess the energy companies are making of social tariffs. Only 600,000 households of the 5.1 million in fuel poverty are included in the tariffs, many of which are so obscure and inaccessible that they are just a really bad joke. At the time, the Prime Minister said that he was in favour of a gold standard scheme that would be made mandatory for the industry as a whole. Can the Secretary of State say how close we are to having such a mandatory scheme?

Edward Miliband: My hon. Friend raises an important issue. He has a long and distinguished record of campaigning on such matters. I believe that the social tariff system needs reform. At present, the system tends to be piecemeal—who gets into it and who does not is often an arbitrary process. We shall have more to say about it in the future.

Greg Clark (Tunbridge Wells) (Con): I welcome the Secretary of State back from his paternity leave. He is looking fantastically well, considering that he is being woken every two hours of the night by bawling and screaming—but perhaps he is not returning the Prime Minister's calls these days.

Does the Secretary of State think that the relationship between wholesale and retail gas prices is sufficiently transparent?

Edward Miliband: I think that we have brought greater transparency to it. The hon. Gentleman will know that as a result of the announcement made by the Chancellor in the Budget there is now a quarterly publication by Ofgem on the relationship between wholesale and retail prices. As always, I am open to any suggestions about how to improve the situation. I agree with the hon. Gentleman that we need proper transparency so that people can see that when wholesale prices go down, retail prices follow.

Greg Clark: I am grateful for that. Let me make a suggestion. At the moment, two Government quangos are saying contradictory things. Ofgem says that everything is under control, yet just last week Consumer Focus said that every household is paying £74 a year too much. As a suggestion, can the Secretary of State cut through the confusion and end it once and for all by a swift, forensic reference to the Competition Commission on that narrow point?

Edward Miliband: I will look at the hon. Gentleman's proposal. Personally, I am worried about references to the Competition Commission, apart from the most extreme cases and I will tell him why: it is a lengthy process, which will not yield results on behalf of the consumer. However, I will look at the point that he raises and I undertake to discuss it with Ofgem.

Mr. Denis MacShane (Rotherham) (Lab): On unfair electricity prices, I have been on my knees to my right hon. Friend's predecessors about industrial electricity prices. My right hon. Friend, as a south Yorkshire MP, will know of the devastation of job losses in the steel industry, caused in part by high electricity prices. Will he talk to EDF, which is a state-owned company, and if the company will not listen, will he talk to his opposite number in Paris, and ask them to agree the same tariff with Corus as exists in France or other European countries, so that greater hope can be given on the future of the steel industry in south Yorkshire?

Edward Miliband: The difference between us and the French is that we do not direct tariffs for energy companies. We do not have that system, but I think that my right hon. Friend raises an important point. Yesterday, I met representatives of industry from the west midlands who are concerned about the position of other industrial consumers. I think that we need tough regulation in that area, which is one where Ofgem needs to act. It is something that I have discussed, and will discuss, with Ofgem.

Home Energy Efficiency

2. **Paul Rowen** (Rochdale) (LD): How much funding he has allocated for home energy efficiency measures in 2010-11. [285152]

The Minister of State, Department of Energy and Climate Change (Joan Ruddock): The principal schemes for delivering home energy efficiency in 2010-11 will be Warm Front, the carbon emissions reduction target, and the community energy saving programme. The budget for Warm Front in 2010-11 is £195 million. The other two schemes are funded by the energy companies, so the information for a specific year is commercially confidential. However, based on the measures that are to be delivered, we can say that estimated overall spend will be around £3.7 billion between 2008 and 2012.

Paul Rowen: I thank the Minister for that. I am sure that she is aware that there are 2¼ pensioners in fuel poverty—[Hon. Members: "2¼ million."] Sorry; there are 2¼ million pensioners in fuel poverty, yet the pre-Budget report estimated that the increase in expenditure on the issue would deal with an extra 66,000 people only. Given that she has not told us how many people the energy companies will help, what impact will that extra expenditure have on reducing pensioner fuel poverty?

Joan Ruddock: Let me tell the hon. Gentleman that, because of our fuel poverty policies, we managed to bring 4 million people out of fuel poverty. That was a huge achievement. It is the rise in global prices that has put people, including pensioners, back into fuel poverty. However, in the winter, we raised fuel payments for pensioners to the highest level ever, and we have said that we will do that again this winter. We have ongoing programmes with the energy companies, and they are giving social assistance as well, so I suggest to him that the Government are doing a great deal to alleviate fuel poverty.

Mr. Andy Reed (Loughborough) (Lab/Co-op): While I welcome the Warm Front programme in particular, is the Minister aware that a large number of houses of a non-traditional construction will not be given a guarantee, and so cannot have the work done? It is estimated that there are 250,000 such houses across the country. Will the Minister meet me and others to discuss the problem, so that we can find some way of getting efficiency measures into non-traditional homes, and so that everybody can benefit from the work that is being done?

Joan Ruddock: I thank my hon. Friend for his question. We have, of course, had due regard to the points that he and others have made, and we are looking carefully at how to bring non-standard homes into the scheme. For example, for solid-wall homes, we are producing new programmes and pilots that will give us the option of using air source heat pumps. Through other programmes, such as the carbon emissions reduction target uplift, which is an obligation on energy companies, we will make it possible to do more work in homes that are not conventionally built.

Miss Julie Kirkbride (Bromsgrove) (Con): Does the Minister agree that one of the biggest and easiest hits that we can make when it comes to our climate change ambitions is tackling domestic carbon emissions? The measures taken in the home are therefore the most important. Why does she not bang heads together, get a smart metering agreement between the various companies, and implement it as soon as possible?

Joan Ruddock: I agree with the hon. Lady's proposition. About 27 per cent. of our emissions come from the domestic sector and result from the choices that we make, so that sector is very important. We have already announced a roll-out of smart meters. It is a complex programme—it needs to reach every household in the country—so it will start next year and will take 10 years. If we can speed it up, we will. It is very important, it is the way forward, and we will do it.

Mr. David Chaytor (Bury, North) (Lab): Is not a national energy efficiency programme important not only as regards climate change, but for job creation? On the economic stimulus packages that different countries have introduced in response to the economic crisis, is it not true that the proportion of those resources that we are allocating to green jobs is far lower than in the USA, China, France, Germany and South Korea? Would not a national energy efficiency programme, clearly identified and clearly branded, be one of the most effective ways of registering our support for action against climate change, and—

Mr. Speaker: Order. May I say gently to the hon. Gentleman that I think that he has had three questions? He will, however, get one answer from the Minister.

Joan Ruddock: May I tell my hon. Friend that 21 per cent. of our targeted measures were on green jobs? We, of course, started from a much higher base than the United States; we had already put in place many measures, and were already on track to increase them. The home energy saving strategy, on which the Government recently consulted, provides for what is essentially a national energy saving programme, directed at homes and small business. That will go ahead very shortly, and I think that it will produce the kind of measures that my hon. Friend has championed in the House.

Gregory Barker (Bexhill and Battle) (Con): The hon. Member for Bury, North (Mr. Chaytor), is absolutely right. We need a national energy efficiency programme with far greater ambition than that shown in the three rather pedestrian programmes and the very vague funding that the Minister has mentioned. The fact of the matter is that, even if we include private sector funding, we spend about a third of what Germany spends on energy efficiency, and it is already far more efficient than we are. If we want a programme that is attractive and easy

for consumers, and that will ensure the transformation in energy efficiency that the Government have failed to deliver, they will need to adopt our proposals of £6,500 for every household in the country, and a real partnership between a public—

Mr. Speaker: Order. May I say for the benefit of the Front-Bench team in the future that what we need is not a statement, but a question?

Joan Ruddock: The Government will not take any suggestions such as the hon. Member for Bexhill and Battle (Gregory Barker) has made about his programme. *[Interruption.]* Let me explain to him. I wrote to his colleague, the hon. Member for Tunbridge Wells (Greg Clark), to ask him to explain exactly how the Opposition's programme was to be funded. I have had no reply to that letter. We have costed it at £200 billion. Where will the money come from? His party is dedicated to cutting the Department that sponsors such programmes. There is no way in which the programme that the hon. Member for Bexhill and Battle (Gregory Barker) mentions will be funded and we—

Mr. Speaker: Order. I think the Minister of State is being led astray by the statement. We must focus on the policy of the Government, rather than that of the Opposition.

Climate Change

3. **Mr. David Drew** (Stroud) (Lab/Co-op): What recent representations he has received from those living in rural areas on the effects on their living conditions of climate change; and if he will make a statement. [285153]

4. **Mrs. Joan Humble** (Blackpool, North and Fleetwood) (Lab): What steps he is taking to inform the public of the effects on their living conditions of climate change; and if he will make a statement. [285154]

The Secretary of State for Energy and Climate Change (Edward Miliband): The recent UK climate projections spelled out the dangers of unchecked climate change: hotter, drier summers and warmer, wetter winters. As people from rural areas have made clear, this would have a particular effect on agriculture and farming. My Department, working alongside the Department for Environment, Food and Rural Affairs, is seeking to inform people of the economic, social and human consequences of this for the UK, and therefore of the need to act on climate change.

Mr. Drew: Two years ago my county was under water, which sadly is a harbinger of what climate change will probably bring. What guarantees can the Government give that we will get appropriate measures—those that we have already spoken about—and that those measures will be applied in rural areas, where we have a disproportionately high number of older people living in older property that is in desperate need of measures such as loft insulation? Can the Government reassure me about what they are willing to do?

Edward Miliband: My hon. Friend makes an important point about rural areas. The truth is—this is why what the G8 leaders agreed yesterday is significant—that we need action throughout the world to protect people in rural areas, because we know that climate change is a global issue. Unless every country acts, we will not be able to avoid the dangerous climate change that would increase the frequency of events such as the one mentioned by my hon. Friend, which happened in my constituency, too. Again, he makes an important point about energy efficiency. One of the things that we have done in the Warm Front programme, for example, is to pilot measures for people off the gas grid, which is an issue in rural areas, to try to help them with new kinds of renewable heating. Also, the community energy saving programme that my hon. Friend the Minister of State mentioned will pilot help for some of the poorest people in rural areas.

Mrs. Humble: I very much welcome the huge investment that the Government have put into new sea defences in Blackpool and in Cleveleys, but what further action can the Government take to protect and inform people about the immediate risks of climate change and to plan for a low carbon economy that will safeguard our future?

Edward Miliband: My hon. Friend is right to say that spending on flood defences will have to increase. It already has increased to £800 million in the final year of the current spending review. That is an important investment, which will have to rise further. The best combination for us would be to adapt to the effects of climate change that are inevitable, and to strive domestically and internationally for the action needed to prevent dangerous climate change in future. That combination of measures is necessary and we must strive for it, particularly in the next six months in the run-up to Copenhagen.

Mr. David Evennett (Bexleyheath and Crayford) (Con): I noted the Secretary of State's responses. Surely informing the public should be a top priority to get them on board. His recent pamphlet was a start. How effective does he think measures such as pamphlets are in making the public aware of the important challenges facing individuals and households, as well as industry?

Edward Miliband: The hon. Gentleman makes an important and challenging point for all of us. We are sending out copies of the leaflet on the Copenhagen manifesto, to which he refers. My assessment of the state of the debate in Britain is that it is good, because there is broad consensus politically about the need to tackle the problem and among the public about the science. However, we need to bring home the point—this relates to the point that my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) made—that climate change will happen in the UK if we do not take action. The danger is that people think that it will happen to people somewhere else. We have to convince people that it will affect future generations in the UK significantly if we do not act.

Fuel Poverty

5. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): What recent progress the Government have made towards their targets for the alleviation of fuel poverty. [285155]

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): We remain committed to doing all that is reasonably practicable to ensure that households do not live in fuel poverty. Between 1996 and 2005, the number of fuel-poor households in the UK fell from about 6.5 million to about 2.5 million. Rising fuel prices have reversed that trend, and that is why my right hon. Friend the Prime Minister last year announced a 20 per cent. uplift in the carbon emissions reduction target, a new community energy saving programme, higher Warm Front grants and a big increase in cold weather payments.

Danny Alexander: I am grateful to the Minister for that answer. Given that people who use heating oil and liquefied petroleum gas are more than twice as likely to be in fuel poverty than the rest of the population, will he assure me that the ongoing renewable heating incentive consultation will not propose an additional levy on heating oil and LPG? That would be paid by people who use heating oil and LPG in rural areas, and it would add to the bills of people who already pay the highest prices in the country.

Mr. Kidney: I am grateful to the hon. Gentleman for his question, but I am not prepared to give that assurance today. What I can say is that our proposals for feed-in tariffs and renewable heating incentives offer new opportunities for people to reduce their energy costs by producing more energy for themselves and, hopefully, selling back an excess afterwards. We will consult on our proposals for the renewable heating incentive, which we hope to have in place by April 2011.

Mr. Brian Jenkins (Tamworth) (Lab): Will my hon. Friend assure us all that his Department is alive to the fact that, when energy prices went up, domestic prices followed very rapidly, but when energy prices fell, domestic prices did not fall as rapidly? What is his Department doing to track those companies and ensure that they do not rip off their customers?

Mr. Kidney: I should say two things about that: first, my right hon. Friend the Secretary of State has made me responsible for consumer interests, so I personally shall take an interest in the issue; and, secondly, Ofgem has been asked to produce quarterly reports on the very point that my hon. Friend has made, so that there is both transparency and the information to hand to enable people such as me to take action if necessary.

Energy (Waste Facilities)

6. **Miss Anne McIntosh** (Vale of York) (Con): What criteria apply to the eligibility for renewables obligation certificates of energy-from-waste facilities; and if he will make a statement. [285156]

The Minister of State, Department of Energy and Climate Change (Joan Ruddock): Renewables obligation certificates are granted only on the biomass proportion of the input waste in an energy-from-waste plant. To be eligible for ROCs, energy-from-waste plants must be accredited as combined heat and power plants and have agreed a fuel measurement and sampling procedure with Ofgem.

Miss McIntosh: I am grateful for that answer but, from the proceedings of the Climate Change Bill, the Minister will be aware that if energy-from-waste plants are to be successful, they need to have access to ROCs on the same basis as other projects. Will she consider making the criteria apply in a similar way to the energy sector?

Joan Ruddock: We need to acknowledge that, to date, there has not been the most effective provision. Indeed, in April, we altered the fuel measurement and sampling requirements on energy-from-waste plants to secure ROCs in response to industry feedback that the previous requirements were too arduous. We have seen a positive response to that, and departmental officials are working with industry representatives and Ofgem to establish new measurement techniques. As the hon. Lady knows, the Government support energy-from-waste plants. We have made a significant sum of money—about £2 billion—available to do that. A number of huge projects are on the stocks and we expect them to come to fruition soon. In May, the largest one was finalised in Greater Manchester.

River Severn Estuary (Barrage)

7. **Mr. Laurence Robertson** (Tewkesbury) (Con): What progress has been made on his Department's appraisal of the proposals for a barrage on the River Severn estuary; and if he will make a statement. [285157]

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): The Government response to the public consultation on Severn tidal power is expected to be published shortly. A decision on whether to support a Severn estuary power scheme will be made after further assessment of the costs, benefits and impacts, and following a second public consultation, which is likely next year.

Mr. Robertson: I am grateful to the Minister for that response. When he said that a decision would be made on whether to support the idea, what exactly did he mean? If it goes ahead, I presume that the entire barrage will be funded privately. What support can the Government give that project?

Furthermore, when the Minister assesses the appraisal, will he make sure that there will be no negative impact on my constituency of Tewkesbury, which flooded very badly two years ago? I am not against the barrage in principle, but will the Minister make sure that there would be absolutely no negative impact on my constituency in that respect?

Mr. Kidney: The hon. Gentleman has asked me so many questions; I shall do my best to answer as many as you will allow me to, Mr. Speaker. As the hon. Gentleman knows, we take flooding extremely seriously and it will be considered as part of any environmental assessment for any project that might go ahead.

As to what project might go ahead, the hon. Gentleman knows that a range of possibilities are before us. The consultation that has just taken place is about which are feasible and practicable and should be pursued further. That further stage is due next. There are tremendous gains to be made from renewable energy, but we know that the environment in question is internationally important

and that people locally are concerned about a number of navigation issues. All those subjects will be considered in that second consultation.

Dr. Kim Howells (Pontypridd) (Lab): My hon. Friend will forgive me for saying that I have been hearing such statements for at least 30 years. I would very much like to know his opinion of the two technologies that seem to be emerging. One is a 10-mile barrage across the Severn and the other is the building of tidal lagoons. Which does he think will offer the best value for money, which will do the least environmental damage and when are we going to get on with building them?

Mr. Kidney: A lot of progress has been made in just the past 12 months. My right hon. Friend is very unfair in asking me to announce my chosen project today; there are a good number to be assessed before that decision can be made. However, as the Sustainable Development Commission said in its report, there is tremendous potential. We would be irresponsible not to take seriously the prospects of possibly getting quite a large proportion of renewable energy from these sources. The technologies, their respective costs and who would pay for the investment, however, are matters still to be determined.

Martin Horwood (Cheltenham) (LD): Will the Minister reassure us that the Government are not drifting relentlessly towards the solution of one giant barrage, with all the environmental consequences that that might have? We should keep open the option of a mix of technologies starting with a much smaller barrage, such as the Shoots barrage. That could start saving carbon much earlier and make more of a contribution to carbon budgets—and without those dire environmental consequences.

Mr. Kidney: It does not even pain me to say that I have seen the Liberal Democrat proposals and that they will be taken into consideration when we assess the different options. I assure the hon. Gentleman that every practicable technology and scheme will be considered. Each will be assessed, and we cannot make a decision at this stage; there is work to be done before we can.

Carbon Capture and Storage

8. **Mr. Russell Brown** (Dumfries and Galloway) (Lab): What recent representations he has received on the development of carbon capture and storage technology; and if he will make a statement. [285158]

The Secretary of State for Energy and Climate Change (Edward Miliband): Since my statement to the House in April and our consultation document last June, we have had a wide range of representations on carbon capture and storage. There has been a warm welcome for the combination of the most environmentally ambitious conditions for new coal-fired power stations in the world, which we announced, and a plan, backed by legislation, for up to four CCS demonstration projects.

Mr. Brown: I thank my right hon. Friend for that reply. Companies such as Scottish Power have a strong interest in CCS technology. Has he estimated how many green jobs and what likely investment there will be for the UK economy off the back of the technology, if it moves forward?

Edward Miliband: There is huge jobs potential. It is estimated that, in the round, there could be 30,000 to 60,000 jobs in carbon capture and sequestration by 2030. That is an indication of the scale of the potential, but that requires a certain funding stream for carbon capture and storage. We have managed to find a proposal to make that happen, and it will be in a fifth-Session Bill, subject to consultation. I hope that it will receive all-party support.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Can the Secretary of State confirm that the Minister in another place said during a debate on the carbon budgets—alas, we have not had that debate in this Chamber—that there was no realistic prospect of commercial carbon capture and storage before 2025 and that, therefore, when the Prime Minister offered the prospect of four such stations as a way of helping us out of the recession, he was either misleading the House or presupposing that the recession is going to go on for another decade and a half?

Edward Miliband: If I may say so, that was, uncharacteristically, a slightly confused question from the right hon. Gentleman. The truth is that we will be demonstrating carbon capture and storage, and we want to do so as soon as possible; that is why we are introducing the funding mechanism. There is a separate question about when it will be commercially deployable on a widespread basis in this country and around the world. The figures that I have seen suggest that that will be possible by 2020; obviously, opinions differ. However, the most important thing is to drive the technology forward as quickly as possible and I hope that he shares that aspiration.

Mr. Jim Devine (Livingston) (Lab): Does my right hon. Friend know about a Scottish company called Elimpus, which is at the forefront of technology in identifying leaks in nuclear power plants and from pylon wires? Recognising that it is a worldwide company, will he agree to meet me and its representatives so that its technology can be applied in Scotland?

Mr. Speaker: Order. I fear that the question might be a little wide, but I will leave it to the Secretary of State's discretion.

Edward Miliband: I am sure that the company to which my hon. Friend refers has equities in a range of areas, including carbon capture and storage. Subject to time being available, I am happy to meet him and its representatives.

Charles Hendry (Wealden) (Con): Does the Secretary of State accept that as a result of the Government's delays and dithering, we are not leading the world in this technology, and that we are now behind the United States, Canada, Norway, Abu Dhabi, China and other countries? Does he understand that one third of our coal plant is closing in the next few years, but because of the Government's delays investment in new coal plant is on hold, as companies do not know what the CCS

regime is? For nuclear, the Government set out a road map, with the Office for Nuclear Development and the Nuclear Development Forum. If that is good enough for nuclear, why have they not shown the same commitment to carbon capture, which could be at least as important for our future energy security and in meeting our low carbon commitments?

Edward Miliband: I wonder where the hon. Gentleman has been for the past three months, given that I made a statement to the House in April and set out a consultation document in June with the most environmentally ambitious standards for new coal-fired power stations and the most ambitious plans for the demonstration of carbon capture in coal-fired power stations. That will be taken forward with legislation going through this House. Unlike the Conservative proposals, ours are based not on funny money but on actual costed plans that will be implemented. I hope that the Conservatives will support them.

Mr. Ronnie Campbell (Blyth Valley) (Lab): The opponents of carbon capture recently said in an article that I read that if we get this up and running only 25 per cent. of carbon would be taken out of clean coal. Is that a true statement or is it just them playing games?

Edward Miliband: We should never underestimate the ability of such people to play games. On the facts, we have said that as a condition of building any new coal-fired power station, at least 25 per cent. of the plant will have to be based on carbon capture and storage. There is a simple reason for that. Because it will cost significant amounts of money to build CCS plants, we think it right to demonstrate capacity at that scale. When the technology is commercially proven, which we hope will happen by 2020—that is the basis on which we are planning—plants will have to be 100 per cent. CCS-based. That is the most environmentally ambitious set of conditions for new coal-fired power stations of any country in the world.

Renewable Energy

10. **Tim Farron** (Westmorland and Lonsdale) (LD): If he will take steps to ensure that energy from renewable sources is given priority access to the national grid. [285160]

The Secretary of State for Energy and Climate Change (Edward Miliband): All generators should be given a grid connection consistent with their development plans. We do not believe that the progress on that has been speedy enough, and we are determined to do more to make that happen, building on the recent agreement between Ofgem and the National Grid for an extra 450 MW of grid capacity, which will speed up connection for a range of projects by up to seven years.

Tim Farron: I thank the Secretary of State for his answer. There are 2,500 anaerobic digesters connected to the German national grid and only 35 in this country—36 if we count Ambridge. I can assure him that farmers in south Cumbria are very keen to help the Government to make up that embarrassing deficit, and want to create Westmorland's first anaerobic digester. Will he agree to meet me and farmers in my constituency to help us to gain priority access to the national grid and to ensure that we transform organic waste, farm waste and off-farm waste into clean energy?

Edward Miliband: I am sorry to correct the hon. Gentleman on one point. I believe the Ambridge project did not go ahead. I may be wrong, but I believe it did not get planning permission, no doubt from a Liberal council.

On the hon. Gentleman's serious question, this is a priority, and it is important that Ofgem sees it as very much part of its duty to drive this forward. It has a duty to future consumers in its remit.

Tim Farron: A meeting?

Edward Miliband: I will come to the hon. Gentleman's question about meeting him.

Part of that duty to future consumers has to be to drive forward connection to the grid. I am sure that one of our ministerial team will meet the hon. Gentleman and his friends.

Dr. Alan Whitehead (Southampton, Test) (Lab): I am sure that my right hon. Friend is aware that a number of important wind farm developments are still facing a wait of 15 years or so to secure connections to the grid, even though they are in the process of getting ready to run. Will he talk to the National Grid Company about its 2020 vision document, to ensure that it encompasses the most urgent possible strengthening of the grid so that connections can proceed much quicker?

Edward Miliband: My hon. Friend is absolutely right. I took powers in the Energy Act 2008 to take action if companies, the grid and Ofgem could not sort out that problem. If they do not do so quickly, that is exactly what I will do. We have to speed up grid connection, and it has to be seen as a central part of what Ofgem, the regulator, does under its duty to consumers present and future.

Simon Hughes (North Southwark and Bermondsey) (LD): Given the Government's regular warm words of commitment to the renewable sector in general, not least yesterday, and given that there is 25 per cent. growth a year in wind energy worldwide—we are clearly the best European country for wind energy—why is there no industrial or manufacturing strategy to ensure that we produce the jobs to support the industry's development and give us the green road out of recession that the Prime Minister and Ministers regularly say we need?

Edward Miliband: There absolutely is an industrial strategy on that; my right hon. Friend the Chancellor allocated £405 million in the Budget for precisely that purpose. As for wind generation, last year we saw a 29 per cent. increase in the UK in onshore wind generation and a 67 per cent. increase in offshore wind generation, making us the world leader in the latter. Of course there is more to do, and we are determined to do it.

CO_2 Emissions Targets (Skills)

11. **Mr. Jim Cunningham** (Coventry, South) (Lab): What discussions he has had with the Secretary of State for Business, Innovation and Skills on the skills

required from the work force in order to meet targets for reduction in carbon dioxide emissions. [285161]

The Minister of State, Department of Energy and Climate Change (Joan Ruddock): Ministers and officials in DECC and the Department for Business, Innovation and Skills have worked together to develop the Government's low-carbon industrial strategy. It will set out how Government will work with employers, unions and training and education providers to address key skills gaps in the transition to a low-carbon economy. This issue affects work forces throughout the UK.

Mr. Cunningham: I thank my hon. Friend for that answer, but can she say how much the Government are actually investing in the low-carbon industries and what the economic benefits will be?

Joan Ruddock: The Budget 2009 announced £1.4 billion of new spending to support the low-carbon sector. That will contribute to a total of £10.4 billion of low-carbon and energy investment over the next three years. I do not think you would allow me to read the whole list, Mr. Speaker, but that includes £405 million for the development and employment of low-carbon technologies, improved insulation for homes, low-cost loans for small and medium-sized enterprises, energy efficiency loans for public sector organisations and so on. There are currently 880,000 people employed in the sector, and we expect that number to grow.

Mr. Mike Weir (Angus) (SNP): The Minister will be aware of the recent report by the Select Committee on Energy and Climate Change on the UK oil and gas industry, and the point that it made about the transfer of skills from that industry to offshore renewables. In particular, the technology for offshore wind is very different from that for onshore wind. What will the Government do to encourage the use of facilities in the UK to build offshore wind turbines and create an industry here?

Joan Ruddock: The way in which we will undertake that will be more obvious to the hon. Gentleman when the low-carbon industrial strategy and the skills strategy that goes with it are published. We are, of course, working intensely with the industry. The oil industry has a remarkable record of innovation and skills, and if we can have those skills deployed in other sectors for a low-carbon economy, that will give a great boost to the way in which this country can progress into that economy.

Climate Change (Public Awareness)

12. **Phil Wilson** (Sedgefield) (Lab): What steps he is taking to increase the level of awareness among the public of the consequences of climate change. [285162]

The Minister of State, Department of Energy and Climate Change (Joan Ruddock): The Department takes steps to raise awareness of climate change through ministerial speeches, publications—such as the climate impact study and "The Road to Copenhagen"—the departmental website and the Act on CO_2 campaign.

Phil Wilson: My constituency covers the Tees valley plain, which, according to an independent report, can cater for between only 20 and 25 wind turbines, but 62 are planned and proposed. Does my hon. Friend agree that, while we all know the importance of making people aware of climate change, it is equally important to take people with us in solving the problem, rather than swamping them with wind farms? County Durham has already passed its renewable threshold for wind farms and is on course to meet its 2020 target soon.

Joan Ruddock: I congratulate my hon. Friend's area on its progress. Clearly, we must have developments that are sensitive to the landscape—that is a matter for the planning process. However, it is our responsibility as a Government to help people understand the real need for change in our production and use of energy, to protect the environment and to secure energy supplies. We all need to understand that climate change is the greatest threat to our wildlife and our countryside.

Sir Nicholas Winterton (Macclesfield) (Con): Would the Minister accept that, for many, especially those on low incomes and the elderly, the consequences of climate change have merely been higher energy prices than normal? Energy prices are so critical to the elderly and those on low incomes, so could she and the Government be a little more sensitive in introducing policies so that the most vulnerable are not the worst affected?

Joan Ruddock: The most vulnerable need our help. The help is there and we will continue to keep constantly under review the impact of our renewable energy programmes on bills. However, there is no way in which we can have lower energy prices and high fossil fuel use in the future. It is destroying the planet and we have to make a change. We will make the change and do it in a way that is fair.

Rob Marris (Wolverhampton, South-West) (Lab): I have spent the past three and a half years campaigning on adaptation to climate change. I am delighted to say that the string of Government announcements in the past six months shows that the Government have finally got it. By approximately what date will the adaptation sub-committee of the Committee on Climate Change produce its first report?

Joan Ruddock: My hon. Friend, who has done so much on adaptation, has caught me out. I will have to write to him to tell him exactly when the report is expected. He knows that we have recently appointed the chair of the sub-committee, who will join the independent Committee on Climate Change. I am sure that they will get on with their work as quickly as possible and I will write to him with the details when I receive them.

Low-carbon Economy (Employment Opportunities)

13. **Tony Lloyd** (Manchester, Central) (Lab): What recent discussions he has had with ministerial colleagues on the opportunities for employment in a low-carbon economy; and if he will make a statement. [285163]

The Secretary of State for Energy and Climate Change (Edward Miliband): I have frequent discussions with colleagues, including the First Secretary of State, about building a low-carbon economy. We will shortly make

announcements about allocations from the £405 million that my right hon. Friend the Chancellor made available in the Budget to help build our green manufacturing strength.

Tony Lloyd: My right hon. Friend has already made it clear in other answers how exciting the prospects are for the green revolution, which will create wealth and jobs. Given that public sector money will not be the most abundant resource available, what can be done to ensure that we mobilise those at the cutting edge of the industrial revolution, and not simply have a scattergun approach, which will lead to the sort of waste that we cannot afford?

Edward Miliband: My hon. Friend asks the right question. We must make the best use of the available money—I referred to the allocation that my right hon. Friend the Chancellor made in the Budget. When we fund carbon capture and storage demonstration projects, it is important that our consultation documents reflect that, and that we build a network of CCS throughout the country to ensure that we have the clusters that will build the industries of the future. It is right to invest now—the Conservative party would not agree with that—because that will build the industries of the future.

Electricity Generation (Coal)

19. **Mrs. Siân C. James** (Swansea, East) (Lab): What his policy is on the use of coal in electricity generation; and if he will make a statement. [285169]

The Secretary of State for Energy and Climate Change (Edward Miliband): Coal power stations play a vital role in providing reliable and affordable electricity supplies. The Government believe that new coal power stations in the UK will be important in retaining the diversity and security of our energy supplies, but only if they can be built and operated in a way that is consistent with our climate change goals.

Mrs. James: In 2008, we were 31 per cent. dependent on coal for our electricity supplies in this country. It has been, and remains, a valuable source of fuel. I am pleased that the Secretary of State recognises that, but we must not underestimate the role that coal—particularly carbon-abated coal—has to play in the future mix of renewables, coal, gas and nuclear. Coal needs to play an important role.

Edward Miliband: My hon. Friend speaks very knowledgably about this subject as a result of her background. It is important that we have coal as part of the energy mix. The problem in this debate arises when we try to pick and choose from the low-carbon technologies that are available; the truth is that we need all of them. We need clean coal, renewables and nuclear, as she has pointed out. All of them must play a part in overcoming the enormous challenge of tackling climate change.

Topical Questions

T1. [285170] **Sir Robert Smith** (West Aberdeenshire and Kincardine) (LD): If he will make a statement on his departmental responsibilities.

The Secretary of State for Energy and Climate Change (Edward Miliband): My Department has responsibility for international negotiations on climate change. Last month, we published our manifesto for the Copenhagen climate talks, which are due to conclude in December. Yesterday's decision by the G8 leaders to unite around the scientific consensus that we must avoid temperature increases of more than 2° was a welcome step towards shaping an ambitious Copenhagen deal. We hope that that will be reflected in an agreement today by the developed and the developing countries.

Sir Robert Smith: Earlier, the Secretary of State referred to trials being undertaken by his Department to tackle fuel poverty for those not on the gas grid. Given the Prime Minister's warning this week that we are again facing rising oil prices, what reassurance can the Secretary of State give to my constituents and to those in the rest of the country that they will be able to heat their homes effectively this winter if they rely on oil?

Edward Miliband: The hon. Gentleman has raised an important issue. The volatility of the oil price is a problem for consumers in Britain and for our economy. It is hard to take steps to stabilise it, but there are regulatory and other measures that we need to look at. I would say to his constituents and to others who are off the gas grid that, first, we need to ensure that they get the best deal on electricity prices, and I am pleased that the regulator has taken action on that. Secondly, we need to help them to connect to the gas grid when they can. Finally, we also need to offer them alternative technologies, and that is the kind of action that we are piloting.

T2. [285177] **Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): Will my right hon. Friend give the House an update on the progress made yesterday and overnight at L'Aquila on climate change?

Edward Miliband: My hon. Friend will be pleased to hear about the G8 communiqué. This is the first time that the world has signed up to a 2° objective. The key issue for today, which is most important, is to get unity between the developed and the developing countries around that 2° objective. Why is that important? It is important because it will drive the action that countries need to take. Frankly, we need more ambition in the run-up to Copenhagen, but a 2° agreement will drive that action.

T3. [285178] **Paul Rowen** (Rochdale) (LD): There are 7,000 zero-carbon dwellings across Europe that meet the passive house standard, yet only one of them is in the UK. Does not that show that the Government's policy on carbon reduction is just empty rhetoric?

Edward Miliband: No, because we have rightly said that we are going to have zero-carbon homes here from 2016. It is right to set that standard—we are one of the few countries to have done so—and it will apply to every new house. We are also taking action to trial the new technologies to which the hon. Gentleman refers, and we will have more to say about that in the coming months.

T4. [285179] **Mrs. Siân C. James** (Swansea, East) (Lab): Will the Minister please give me an update on the community energy saving programme, particularly in constituencies such as my own in Wales?

The Minister of State, Department of Energy and Climate Change (Joan Ruddock): CESP places an obligation on the energy suppliers and the energy generators. It will provide for about £350 million of energy-saving measures specifically directed at low-income areas. There are 284 eligible areas in Wales, a substantial number of which are in my hon. Friend's constituency. I am concerned that we should have a proper balance encompassing the rural areas and I hope that there will be projects in Wales. This will be a new type of programme, whereby we will go house to house and take whole-house measures, amounting to a real step forward in terms of a proper community-based energy efficiency programme.

Willie Rennie (Dunfermline and West Fife) (LD): Considering that the carbon capture competition has already slipped by one year, what guarantees can the Secretary of State give that there will be no further delays in the process, especially considering that only one bidder is capable of getting to the 2020 deadline? Will he guarantee that the deadline will be met by next year—before the general election?

Edward Miliband: The hon. Gentleman is not right to say that only one bidder is capable of meeting the 2020 deadline. Three consortiums are involved—ENR, RWE and Scottish Power, I believe—and all can meet the timetable. It is right that we need to get on with it, which is why we announced the new conditions and why we announced the levy mechanism for which we intend to legislate. I am confident that speedy progress can be made.

T5. [285180] **Gordon Banks** (Ochil and South Perthshire) (Lab): Liquefied petroleum gas is a vital heating source in parts of my constituency, but in some ways it is a forgotten fuel in terms of regulation. While acknowledging the changes to regulations on estate infrastructure for distribution, which will come into force later this year, what more can be done better to regulate this market so that my constituents get a more competitive deal?

Joan Ruddock: My hon. Friend has put his finger on a really difficult problem. We have looked very carefully at this market, and the truth is that it is made up of a very significant number of small companies and competition is a matter for the market itself. I agree the issue is crucial for people who are utterly dependent on LPG and we will continue to keep it under review. It may be, however, that we have to introduce new technology to these homes through our fuel poverty programmes so that in due course they are no longer dependent on that fuel, particularly if we cannot find a means of reducing its cost to the householder, which I acknowledge is significant.

Greg Mulholland (Leeds, North-West) (LD): I was delighted that the Secretary of State visited Green lane in Cookridge in my constituency in connection with the British Gas green streets competition. Will he join me in publicly congratulating the street's residents who won the competition by decreasing their usage by 35 per cent. What lessons can the Government learn from that excellent initiative in order to roll out something that will benefit all households up and down the country?

Edward Miliband: I was very pleased that the street won the competition after my visit—although I should say that I cannot claim cause and effect. The competition was very informative in showing what communities can do together to save energy and there was huge enthusiasm in that street for the initiative and what it had been able to achieve. I agree that we need to roll out that sort of project more widely. That is what CESP is all about: a street-by-street, house-by-house approach to bring communities together to tackle carbon emissions.

T7. [285183] **Mr. David Anderson** (Blaydon) (Lab): I am sure that the Secretary of State is aware of the tremendous opportunities to exploit the coal reserves on the north-east coast, particularly by using the underground gasification method. Will he support the moves and request by the north-east to set up a strategic environmental assessment as a matter of urgency?

Edward Miliband: My hon. Friend's question follows up on an interesting visit I made to his constituency to meet the wide range of representatives that he gathered to discuss underground coal gasification technology. We want to move forward on that, so we will obviously come back to his group in order to do so.

Martin Horwood (Cheltenham) (LD): The Secretary of State rightly congratulated the G8 on its 2° target as a limit on global warming, although to do otherwise would be to invite inevitable catastrophe, but will he tell us what that translates into in terms of the more important measure of the atmospheric concentration of CO_2 in parts per million—or was that question too tricky for the leaders of the world?

Edward Miliband: It translates into the target aim of 450 parts per million. I was talking about this to John Holdren, the chief scientist of the US, yesterday. Now that we have this 2° target, the key task for developed and developing countries from here on up to Copenhagen is to say what the pathway is—including the mid-term targets we need for 2020—towards meeting that challenge. Now that the leaders have agreed to the objective, at least at the G8, we now need a 2° deal out of Copenhagen.

Judy Mallaber (Amber Valley) (Lab): Yesterday the Energy and Climate Change Committee was told that a 500 kW tidal turbine would shortly come on-stream at the European Marine Energy Centre in Orkney as a result of co-operation between a small innovative company in Bristol, Tidal Generation Ltd, and Rolls-Royce in my neighbouring area. What can the Government do to encourage such co-operation, and to help small innovative companies involved in marine energy to bring their ideas to market and overcome the financial difficulties that they experience in trying to obtain support?

Edward Miliband: My hon. Friend is right to congratulate the parties concerned on their initiative. The marine deployment fund is intended to encourage precisely that form of technology. I believe that marine energy has great potential for Britain. Government must play a strategic role—I have mentioned the low-carbon industrial fund—to encourage the kind of co-operation that my hon. Friend has described.

Sir Nicholas Winterton (Macclesfield) (Con): If the Prime Minister is right and oil prices are going to rise dramatically again in the immediate future, what action will the Secretary of State take to prevent British industry from becoming less competitive, and to prevent the most vulnerable from having to bear additional costs that they cannot afford?

Edward Miliband: The hon. Gentleman has raised an important issue. We need to ensure that all the necessary mechanisms are in place to prevent speculation on the oil price, so that changes are based on the fundamentals rather than on speculation. That is why we are examining the regulatory systems—for instance, through the International Organisation of Securities Commissions, which is the international regulator.

One of the arguments for the transition to low carbon is that it will make us less dependent on fluctuations in the fossil fuel price. We need the right regulatory systems, and we also need to undertake that low-carbon transition.

Miss Anne Begg (Aberdeen, South) (Lab): Yesterday saw the publication of Oil and Gas UK's annual economic report, which showed that oil and gas would play an important part in the energy sector for the foreseeable future. Key to that are enhanced recovery and lengthening the time for which reserves will be developed. How can the Government help to ensure that the industry does not shut up shop and go elsewhere, but continues to develop the North sea? Will my right hon. Friend arrange to visit Aberdeen to observe the showcase of the offshore oil and gas industry, and also—

Mr. Speaker: Order. I think that that will do.

Edward Miliband: My noble Friend Lord Hunt greatly enjoyed his visit to Aberdeen. I pay tribute to my hon. Friend's championing of the oil and gas industry. The initiative taken by my right hon. Friend the Chancellor in the Budget in relation to the new field allowance was designed to bring about investment in the North sea, but—through the PILOT group, with which my hon. Friend is importantly involved—we also want to continue our discussions with the industry about how we can best help it in future.

Clive Efford (Eltham) (Lab): May I stress to my right hon. Friend the need to regulate the use of fluorine-based gases, or F gases, in supermarket refrigeration units? They are up to 20 times more potent than carbon dioxide in terms of global warming. The industry itself is asking the Government to regulate to create a level playing field. May I urge the Secretary of State to discuss such action with his opposite numbers, so that it can be expedited as soon as possible?

Edward Miliband: The matter is the responsibility of my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, but I will undertake to discuss it with him.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): The Secretary of State and the leaders of the world have defined dangerous climate change as a change of more than 2°C in the average temperature. Can the Secretary of State confirm that the average temperature in Cornwall is more than 2° higher than that in the north-east of England? Will he assure people that if they move from the north-east of England to Cornwall they will not suffer any great danger, and that any dangerous consequences—

Mr. Speaker: Order. I must say to the right hon. Gentleman that the whole principle of topical questions is that they should be brief, and that only one question should be asked.

Edward Miliband: For the second time today, I believe that the right hon. Gentleman is slightly confused on this question. The point about rising temperatures across the world is that it will drive temperatures up across Britain, so moving from Cornwall to the north-east will not solve the problem. The right hon. Gentleman is one of the few people in this House who does not seem to take the problem of climate change as seriously as I believe he should. I am looking forward to meeting him to discuss this further.

Harry Cohen (Leyton and Wanstead) (Lab): There is very poor availability of information to compare the prices and performance of the different energy companies. A very nice lady from Centrica British Gas, Catherine May, told me it leads the way in implementing the Government's scheme for insulation in the homes of the elderly, but it has halted the processing of new applications and other companies do not do anything at all. When will we see a proper comparison of the prices and performance of the different energy companies?

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): The whole point of the Ofgem probe was to get to the bottom of complaints about poor information to consumers from the energy companies, and a number of changes to licence conditions will be made to try to remedy those problems. As regards the commitment of individual companies to the carbon emissions reduction target—CERT—which was, I think, the other point my hon. Friend was making, we are conscious that we need the information from each of the energy companies in order to make that assessment, and I will be talking to them about that.

Newspapers (Surveillance Methods)

11.31 am

Dr. Evan Harris (Oxford, West and Abingdon) (LD) *(Urgent Question)*: To ask the Secretary of State for the Home Department if he will make a statement on the steps he is taking to look into the actions of the police, the prosecutors and the Information Commissioner in respect of the use by newspapers of illegal surveillance methods.

The Minister for Policing, Crime and Counter-Terrorism (Mr. David Hanson): I am grateful for the opportunity to respond to the hon. Gentleman's question. I should first of all inform the House that my right hon. Friend the Home Secretary is today in Manchester at the Association of Chief Police Officers conference and is therefore unable to respond to the question himself.

The original allegations date back to 2006, following which, as the House will be aware, there were convictions. However, serious allegations have appeared in the newspapers this morning, which clearly go much wider than the original case. That is why I have spoken this morning to the assistant commissioner, specialist operations, John Yates, and why my right hon. Friend the Home Secretary has spoken to the Metropolitan Police Commissioner within the last hour. The Metropolitan police are urgently considering these allegations and will be making a statement this afternoon.

It would be wrong for me in any way to pre-empt that statement as this is first and foremost an operational matter for the Metropolitan police. However, I give an undertaking to the House that I will report back following the considerations by the Metropolitan police, when I can do so.

Dr. Harris: I thank the Minister for that answer. Does he accept that I am not relaxed, that I do not think the House is relaxed, and that neither are the public relaxed in any way about fears not only of surveillance by the Government, but now of surveillance by newspapers and their agents? Will he further accept that we all want to see healthy, responsible investigative journalism, especially in respect of public figures who wield power, but that it must be within the law and seen to be within the law, and it would be extremely toxic for our democracy if vested interests were seen to be able to in some way buy their way out of the criminal justice system? I would be grateful if the Minister kept the House informed of the actions he is taking.

Mr. Hanson: As I have said, the allegations that have been made are serious and deserve examination, and the Metropolitan police will this afternoon be examining them. I will report back to the House in due course. The hon. Gentleman will be aware of the law itself: unlawful interception is an offence under the Regulation of Investigatory Powers Act 2000. Where an individual intentionally intercepts a communication without lawful authority, that is punishable with a fine or a prison sentence of up to two years. He will also know that in the case considered two years ago, punishments were given. I will have to reflect on what the Metropolitan police are looking at this afternoon, and as I have said, I will report back to the House in due course.

Chris Grayling (Epsom and Ewell) (Con): There is no doubt that the story that appeared in this morning's newspaper raised questions. We rightly cherish the freedom of the press in this country, but it is vital that that freedom is not abused. Journalists do, of course, need to be able to pursue stories that are in the public interest and to do their job free from interference, but they are also obliged both to obey the law and to conform to the Press Complaints Commission code, which sets the standards for their industry.

I am grateful to the Minister for his explanation about the Metropolitan police statement that is due later today, and for assuring the House he will bring back further reports in due course. Does he agree that it is important that everyone in this House gives a measured response on these issues and that we leave it to the police to decide whether there is any new information that warrants further action?

Mr. Hanson: With due respect to the hon. Gentleman, it is not for me to give the reflections of the House as a whole; individual Members will make their judgments and give their views in due course. I have simply said to the House that these are serious allegations that need examining, and the Metropolitan police will examine them. I have spoken to the Metropolitan police this morning, as has my right hon. Friend the Secretary of State. We await their investigation and examination, which is ongoing as we speak. They will be making a statement shortly—this afternoon—and I shall report back in due course on its implications. I can do no more, because investigating these issues is an operational matter for the police.

Chris Huhne (Eastleigh) (LD): Of course everyone in this House will want to see investigations in the public interest, but investigations should not be undertaken merely to titillate the interests of the public. The public have a right to protection against illegal intrusion into their privacy, whether by the state or by private bodies such as newspapers. If, as is reported, more than 1,000 phone taps took place, it beggars belief that this involved just one journalist or that senior executives did not know what was happening—indeed, the allegation is clearly that senior executives on this newspaper did know. I welcome what the Minister has said, but does he not agree that it is extraordinary that the Leader of the Opposition, who wants to be a Prime Minister, employs Andy Coulson who, at best, was responsible for a newspaper that was out of control and, at worst, was personally implicated in criminal activity? The exact parallel is surely with Damian McBride. If the Prime Minister was right to sack him, should not the Leader of the Opposition sack Andy Coulson?

Mr. Hanson: As I have said, the allegations relate to criminal offences and the police are examining those matters as we speak. The hon. Gentleman will know that there is legislation providing for a criminal offence to cover the allegations that have been made. I hope that he will accept that I can only respond in that way at this moment.

Keith Vaz (Leicester, East) (Lab): The Minister will recall that in evidence to my Select Committee's inquiry into what happened to the hon. Member for Ashford (Damian Green), senior officers of the Metropolitan police told us that as a matter of practice whenever an

[Keith Vaz]

investigation involved a high-profile person, politicians, including the Home Secretary and other politicians, and the Metropolitan Police Authority, were informed. Will the Minister confirm that no Minister has ever been informed of any of these allegations until last night?

Mr. Hanson: My understanding is that the Metropolitan police and my right hon. Friend the Home Secretary, like me, discovered these allegations on the production of the newspapers overnight and this morning.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): The Minister will be aware that the fact that a private investigator had intercepted the telephone calls of a large number of people was well known at the time. He will also be aware that the chairman of News International gave a categoric assurance to my Select Committee that no other journalist, beyond Clive Goodman, had any involvement in or knowledge of that matter. Can the Minister say whether he is aware of any evidence to contradict that statement? When my Select Committee reopens its inquiry, as it has decided to do, will he ask the Metropolitan police to provide us with any information that they have that is relevant to this case?

Mr. Hanson: The allegations came to light today, we are examining them with the Metropolitan police and I obviously concur with what the hon. Gentleman has said.

Mr. Tom Watson (West Bromwich, East) (Lab): Should elected leaders be relaxed about a spin doctor responsible for bugging the heir to the throne?

Mr. Hanson: I hope that, again, my hon. Friend will recognise that those are allegations, the Metropolitan police will examine them and I will report back following their investigation.

David Davis (Haltemprice and Howden) (Con): The Minister cannot brush aside as an operational responsibility something for which the Home Secretary has responsibility. The allegation in *The Guardian* is that none of the many hundreds of people whose communications appear to have been intercepted were notified by the police that they were the victim of a crime. That is a matter for the Home Secretary, so can the Minister give an answer on that point?

Mr. Hanson: Again, the right hon. Gentleman will be aware that these allegations have come to light this morning. We are examining them, as are the Metropolitan police, and I will report back to the House on the outcome of those examinations when I have an opportunity to do so. I cannot give him any comment today on the allegations, given where we are on the time scale since they became public.

Emily Thornberry (Islington, South and Finsbury) (Lab): Given the existence of the Wilson doctrine, may we have an assurance that no one involved in the surveillance of politicians has been given a parliamentary pass?

Mr. Hanson: My right hon. Friend the Prime Minister has confirmed the Wilson doctrine. We will have to look at the issues and the investigations. I cannot give my hon. Friend an answer on the point now, but it will be a matter for the police investigation, and if there are responsibilities for my right hon. Friend the Home Secretary, we will examine that.

Sir Menzies Campbell (North-East Fife) (LD): Since the Leader of the House is on the Treasury Bench, and since she has a responsibility to the House as a whole, may we have an undertaking that consideration will be given to whether any breach of privilege arises on this occasion?

Mr. Hanson: The right hon. and learned Gentleman will be aware that business questions follow these proceedings. My right hon. and learned Friend the Leader of the House has indicated that she will consider those representations and will respond shortly.

Andrew Miller (Ellesmere Port and Neston) (Lab): The hon. Member for Oxford, West and Abingdon (Dr. Harris) is right that this issue raises profound questions that go to the heart of our democracy. Even though Statutory Instrument No. 1677 gives greater resources to the Information Commissioner, may we be assured that he will have sufficient resources to undertake his part of what will be a difficult investigation?

Mr. Hanson: As of this morning, my colleagues and I have not had an opportunity to speak to the Information Commissioner or the Crown Prosecution Service, which was mentioned in the original question from the hon. Member for Oxford, West and Abingdon (Dr. Harris). We will examine those issues shortly.

Mr. Ben Wallace (Lancaster and Wyre) (Con): It was my understanding that the inquiry into the bugging of the members of the royal family hinged on an inside employee of British Telecom giving out the numbers for celebrities and members of the royal household. Could the Minister give us some assurance that he is taking steps to ensure that telephone providers adhere to their data protection obligations so that we are all protected, as are other people?

Mr. Hanson: Again, as with the serious allegations that have been made today, any such activity would constitute a potential criminal offence and would be investigated accordingly.

Martin Salter (Reading, West) (Lab): I hope that you, Mr. Speaker, and the Minister will agree that this is an extremely serious matter and that there are many avenues that the House and its Committees may wish to explore. For example, do Mr. Coulson and his employer, the Leader of the Opposition, stand by the comments that the former made to the Culture, Media and Sport Committee in March 2003 that it is acceptable to make cash payments to police officers for private information? Why on earth did the Metropolitan police not properly investigate and prosecute those who were working for Mr. Coulson, who tapped the phones of Cabinet Ministers, Members of Parliament and other public figures?

Mr. Hanson: I am afraid that I will sound repetitive, but the allegations that my hon. Friend makes are ones that the Metropolitan police are examining as we speak, as part of their efforts to uncover the truth of the matter. It is not for me to comment on those operational matters.

Mr. Nigel Dodds (Belfast, North) (DUP): Many serious issues are raised by the allegations, and in Northern Ireland we are familiar with questions about phone tapping. However, in every case—unless, obviously, it was a police operation—the target of such surveillance was notified. May we have an assurance from the Minister that the issue of why people were not notified that they were being surveyed will come before the House and that a full explanation will be given?

Mr. Hanson: I am confident that that is precisely the sort of issue on which we will reflect once we have discussed this matter further.

Geraldine Smith (Morecambe and Lunesdale) (Lab): These allegations have serious implications for national security. If Cabinet members and the Deputy Prime Minister had their phones tapped, what did the Metropolitan police know? Were they aware of this, and if so, why did they not tell the Deputy Prime Minister and other senior Cabinet Ministers?

Mr. Hanson: Again, the Metropolitan police commissioner and assistant commissioner are examining the issue at the moment to try to get to the truth of what occurred and the impact of those allegations. I await this afternoon's statement with interest.

Stephen Hammond (Wimbledon) (Con): Are the Government satisfied with the measures that are in place to prevent illegal access to the police national computer? If, in the light of these allegations, they are not satisfied, what will they do about that?

Mr. Hanson: I am confident that we have security of the police national computer. As with intercept information, there are offences that would involve potential criminal action in the event of activity being undertaken in that field.

Mr. Dennis Skinner (Bolsover) (Lab): Has the Minister noticed the relaxed attitude of Opposition Front Benchers in relation to this matter, which contrasts with the indignation that they showed when the police interfered and intervened in the office of the hon. Member for Ashford (Damian Green)? Is it because they have something to hide, and is it because they are trying to hide Mr. Andy Coulson, who should be getting the sack?

Mr. Hanson: My hon. Friend makes his points in his usual inimitable style, and I am sure the House will have noted them.

Mr. Nigel Evans (Ribble Valley) (Con): The allegations are that the phone tapping and hacking were widespread and that the people who were on the receiving end were not notified. Will the Minister now assure the House that those people who have been the subject of hacking or tapping will now be notified of the fact that they have been a victim?

Mr. Hanson: Again, I think that the first duty of the Metropolitan police is to examine the issue. That is going on at the moment. There will be opportunities to look at some of the other consequences in due course and, as I have said, I will report back to the House on the matters flowing from this allegation today.

Rob Marris (Wolverhampton, South-West) (Lab): Can my right hon. Friend assure the House that he will remind the Metropolitan police and the Information Commissioner that the defence of "in the public interest" relates to something that is in the interest of the public body and not something that satisfies the curiosity of the public?

Mr. Hanson: My hon. Friend has made a valid point. I am trying, given that we might have cases of criminal activity as a result of the investigation into these allegations, not to comment too much on these issues.

Adam Price (Carmarthen, East and Dinefwr) (PC): Whatever the operational decisions made by the Metropolitan police, will the Minister tell us what the Government's policy is on informing people that they have been the subject of illegal surveillance? Is it the Government's view that the principle should always be that those people should be notified? As a first step, will he tell us in his statement later this evening how many Members of Parliament and Ministers, according to the information held by the Met, were targeted as a result of the operation?

Mr. Hanson: Again, I will report back to the House on these matters at an appropriate time. It might not be today, but we will look back on those issues in due course and I shall respond when the opportunity arises.

Mr. Denis MacShane (Rotherham) (Lab): My right hon. Friend should be playing for England, so straight is his bat this morning. At 7 o'clock this morning, I saw a hunched figure with a suit-bag and a mobile phone crossing Speaker's Yard. It was Mr. Andy Coulson. I thought that he was on the way out, having been fired. This is not now about him; it is about the judgment of the Leader of the Opposition in keeping him with a Commons pass. For the House of Commons—

Mr. Speaker: Order. A number of other Members are standing whom I would like to try to get in. I must ask the right hon. Gentleman for a question.

Mr. MacShane: Does my right hon. Friend agree that this is not a matter for a Metropolitan police statement this afternoon, and that the House of Commons must decide to set up its own inquiry to hear evidence under oath from all concerned—from the employees of this foreign national, who so instructed them, and from the police officers—to get to the bottom of this matter?

Mr. Hanson: If the House of Commons wishes to look at those matters, that will be a matter for you, Mr. Speaker, and for the Leader of the House.

Mr. Andrew Robathan (Blaby) (Con): It seemed that the Minister was saying earlier that the Metropolitan police heard about these allegations only in the newspaper today. However, the Metropolitan police decided not to

[Mr. Andrew Robathan]

proceed. Who in the Metropolitan police decided not to take this matter further? Was it the last commissioner, Sir Ian Blair, or the deputy commissioner, or was the decision made lower down the food chain?

Mr. Hanson: Again, the purpose of the Metropolitan police's examination of this issue following my discussions with Mr. John Yates and my right hon. Friend the Secretary of State's discussions with the commissioner is to establish the facts. These allegations appeared overnight and this morning and they are now being investigated.

Clive Efford (Eltham) (Lab): It is quite clear from the revelations in the newspapers this morning that there are also questions about the role of the Press Complaints Commission, which seems to have failed completely in its duty to protect the public and properly investigate this matter. Criminal activity was clearly involved in what it was investigating, but it failed to ask questions of the appropriate people to get the right answers. Will my right hon. Friend continue to investigate that issue, too?

Mr. Hanson: I will draw those comments to the notice of my right hon. Friend the Secretary of State for Culture, Media and Sport, who has responsibility for these issues.

Mr. John Baron (Billericay) (Con): May I return to the very serious allegation about illicit accessing of the police national computer? It is one of the more serious aspects of the matter. Will the Minister use this opportunity to re-examine the measures in place to make sure that the integrity of the PNC is maintained?

Mr. Hanson: Self-evidently, the integrity of the PNC is a matter of high importance for the Government. We will take all steps to ensure that it remains secure. In the light of the allegations, I shall be looking at whether further steps need to be taken.

Ann Clwyd (Cynon Valley) (Lab): Given Mr. Coulson's dubious reputation, none of us on this side of the House can feel comfortable while he is around to wander the corridors here. While he is under suspicion, can we not at least take his pass away from him?

Mr. Hanson: Those issues are not for the Government. They are for the House authorities.

Richard Younger-Ross (Teignbridge) (LD): In response to an earlier question, the Minister said that the offence could be punishable by a fine or imprisonment. Some cases of hacking are not punishable by imprisonment. I believe that, in 2007, the Prime Minister was considering expanding the application of imprisonment for offences such as hacking into the Driver and Vehicle Licensing Agency, but dropped the proposal after receiving a delegation from News International. Will the Minister look at the matter again to make sure that such hacking is an imprisonable offence?

Mr. Hanson: I am not aware of the circumstances that the hon. Gentleman has outlined. As he knows, offences without lawful authority under the Regulation of Investigatory Powers Act 2000 are punishable with a fine or a prison sentence of up to two years. That penalty was delivered in the case of two years ago.

Business of the House

11.51 am

Alan Duncan (Rutland and Melton) (Con): May I ask the Leader of the House to give us the forthcoming parliamentary business?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week will be as follows:

MONDAY 13 JULY—Consideration of a carry-over motion for the Political Parties and Elections Bill, followed by consideration of Lords amendments to the Political Parties and Elections Bill.

TUESDAY 14 JULY—Remaining stages of the Borders, Citizenship and Immigration Bill [*Lords*].

WEDNESDAY 15 JULY—Opposition day [16th allotted day]. There will be a debate on NHS dentistry, followed by a debate on caring for elderly. Both debates will arise on an Opposition motion.

THURSDAY 16 JULY—Topical debate: subject to be announced followed by a general debate on preparation for the climate change conference in Copenhagen.

The provisional business for the week commencing 20 July will include:

MONDAY 20 JULY—Second Reading of the Child Poverty Bill, followed by, if necessary, consideration of Lords amendments.

TUESDAY 21 JULY—If necessary, consideration of Lords amendments, followed by motion on the summer recess Adjournment, followed by, if necessary, consideration of Lords amendments.

The provisional business for the week commencing 12 October will include:

MONDAY 12 OCTOBER—Remaining stages of the Health Bill [*Lords*].

TUESDAY 13 OCTOBER—Remaining stages of the Local Democracy, Economic Development and Construction Bill [*Lords*].

WEDNESDAY 14 OCTOBER—Opposition day [17th allotted day]. There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 15 OCTOBER—General debate on defence policy.

FRIDAY 16 OCTOBER—Private Members' Bills.

Alan Duncan: I thank the Leader of the House for giving us the business. Last week, I raised the issue of the length of time that the Treasury has taken to respond to some MPs' correspondence. We should perhaps be grateful that it replies at all. May I ask the right hon. and learned Lady for a further statement on what appears to have become common practice in the Department of Work and Pensions? Ministers there are passing MPs' correspondence to their various agencies for a response, even when the matter concerns Government policy.

If the issue is administrative, of course it is right for the relevant body to reply, but I am aware of a number of cases in which a Member has sought clarification from a Minister on departmental policy, only to receive a totally inadequate response that did not come from the Minister, who had passed the buck to the Child Support Agency, which in turn stated that it was unable to comment on the issues raised in the letter as it could respond only to operational matters. Does the right hon. and learned Lady agree that it is highly disrespectful to this House, and perhaps also incompetent, for Ministers to delegate correspondence in this way? Will she endeavour to inform the Secretary of State for Work and Pensions that, when a Member writes to a Minister, it is the Minister who should reply?

May we also have a statement from the Work and Pensions Secretary on the abject failure of the Government's flagship welfare reform policy, Pathways to Work? This scheme was established—at a cost of £129 million this year alone—to help people get off incapacity benefit and find employment. However, statistics released by the Department yesterday show that fewer than one in 10 people who have started on the programme have actually managed to find work. How on earth do the Government plan to deal with the grim rise in unemployment that we are facing, and which has been caused by the recession, when the track record of what they have tried to do already seems such a dismal failure?

May we also have a debate on the Government's strategy for reducing the alarming rate of teenage pregnancies? Yesterday, it was revealed that young people who took part in a £5 million Government scheme that aimed to help tackle the problem by encouraging 13 to 15-year-olds to talk to each other about sex were twice as likely to become pregnant as a similar group. That is a sad indictment of the Government's failure to develop a coherent strategy. The fact is that Britain has the highest rate of teenage pregnancy in Europe: more and more young girls are seeking an abortion, and the higher rate of sexual activity is leading to an alarming increase in sexually transmitted infections among teenagers. May we have a full day's debate on this serious national issue so that we can help to develop a much more thoughtful response to the underlying problems and encourage young people to be more careful with their body and their life?

May I once again seek from the Leader of the House the guarantee that I have not yet received, even though I have asked for it many times, that the House will be comprehensively updated on how the Government intend to compensate those who lost out from the collapse of Equitable Life? We need that before we rise for the summer. Her response at Question Time yesterday to my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) revealed a perhaps wilful, misunderstanding of the difference between proper compensation and ex gratia payments. They are not the same thing, and the ombudsman called for compensation.

The right hon. and learned Lady will note that 307 Members have now signed EDM 1423.

[That this House notes the Parliamentary Ombudsman has taken the unusual step of using powers under the 1967 Act to present Parliament with a further and final report on Equitable Life; also notes that the Public Administration Select Committee's second report on Equitable Life, Justice denied? concluded that the Government response to the Parliamentary Ombudsman's report was inadequate as a remedy for injustice; recognises the vital role the Ombudsman plays in public life; reaffirms the duty of Parliament to support the office of the Ombudsman; believes the Government should accept the recommendations of the Ombudsman on compensating policyholders who have suffered loss; welcomes the formation of the All-Party Group on Justice

[Alan Duncan]

for Equitable Life Policyholders; and notes with regret its necessary formation and the fact that over 30,000 people have already died waiting for a just resolution to this saga.]

Given the scale of the concern about the Government's reaction to the ombudsman's report and her subsequent damning second report, will the Leader of the House confirm that the matter has been discussed at Cabinet level? Will she give us an assurance today that the House will have an opportunity to cross-examine the Chief Secretary to the Treasury next week? She keeps declining to confirm whether the promised statement will be an oral or a written one. The House requires an oral statement, and will she now give an absolute guarantee that that is what it will be?

Ms Harman: In respect of Treasury Ministers' responses to letters from hon. Members, this issue has been followed up. I am not yet in a position to reply to the hon. Gentleman, but I will make sure that I come to the House next Thursday with all the facts and figures about the response time. Of course, there has been a great increase in the number of letters from hon. Members to the Treasury, and that is a response to constituents' concerns at this time of economic crisis. However, that does not mean that people should have to wait longer—far from it: they should get a prompt reply to the concerns and anxieties of their constituents. I will make sure that I have an up-to-date answer ready for the House next Thursday.

The shadow Leader of the House is absolutely right in what he said about ministerial responses and agencies. Responses on policy are a matter for Ministers, and should not be delegated for explanation by an agency. Agencies have to account for their administration of policies, but they do not have to account for the policies themselves. That remains a matter for Ministers. If the hon. Gentleman gave me some examples, that would assist me in following the matter up on behalf of Members of the House.

The hon. Gentleman talked about Pathways to Work. It is very important indeed that we help everybody who wants to get into work to find their way back to the world of work. He will know that the pathways programme deals with those who have the greatest problems. They may have had a problem of alcohol or drug abuse in their past. They may have mental illness problems or they may have been in prison. They may have a range of problems or a combination of them all. The pathways programme says that there is nobody we write off. We do not say, "That's it. You're written off, you can't ever play your part in the world of work." We should recognise that it is sometimes very difficult to help those people back into work and we will not have a 90 per cent. success rate, but that does not mean that it is not important for those programmes to go ahead and help people into work.

The hon. Gentleman is right that teenage pregnancy is a complex and difficult issue. We all agree that we want to see a fall in the number of teenage pregnancies. That has to do with good sex education, contraception and girls having aspirations to something other than early pregnancy. Their opportunities in life need to be more than that. The responsibility of boys is also involved—mentioning that is often forgotten.

The hon. Gentleman was talking about a pilot scheme—an experiment that was tried out. The whole point of a pilot scheme is to find out whether something works. There is no dishonour in piloting something to see whether it works, and if it does not work, acknowledging that while pressing forward to try to find out what does work. If there was a magic answer to the question of teenage pregnancy, it would have been found before now.

On the question about Equitable Life, there is absolutely no need for the hon. Gentleman to patronise me over not knowing the difference between ex gratia payments and compensation. I do indeed know the difference. The Government's position is that there is not a legal obligation to pay compensation, but there is a moral obligation to make ex gratia payments, and that is what Sir John Chadwick is working on. I have said there will be a statement before the House rises; there will be Treasury questions next week, so the hon. Gentleman will have the opportunity to ask the Chancellor in person during oral questions next week.

Mr. David Heath (Somerton and Frome) (LD): Dealing first with the urgent question we have just discussed, we heard a deplorably weak performance from the shadow Home Secretary, and it was not mentioned at all by the hon. Member for Rutland and Melton (Alan Duncan). As the question clearly raises potential issues of privilege, may I ask the right hon. and learned Lady to consider those issues and report to the House? Will she also ask of her Cabinet colleague, the Attorney-General, about the prosecution policy that was adopted previously? Perhaps the Solicitor-General could make a statement to the House.

A useful innovation recently was for notice to be given to the House when it was known that a statement was to be made by a Minister. Last week, two White Papers were published and oral statements were made to the House. One of the White Papers was about banking, where I accept that there may have been market-sensitive material, but the one on Monday was about international development and I cannot quite accept that it was not known last Thursday that a White Paper was to be published on Monday. Will the Leader of the House look at the matter again and give Members of the House proper notice when a statement is to be made, particularly on the publication of a White Paper? Will she also make good the promise of the Secretary of State for International Development that we will soon have a debate on international development issues?

May we have a debate on the case of Gary McKinnon, the Asperger's syndrome sufferer who is being cynically handed over to the United States authorities, possibly to serve 60 years in an American jail? The Home Secretary, somewhat disingenuously, says he cannot instruct prosecution. That is absolutely right, but what he can do is stop the extradition and allow the circumstances in which that unfortunate gentleman could be tried in this country. Many of us felt that the one-sided extradition treaty was a disgrace to Britain. This use of that disgraceful treaty is a further disgrace and a shame, and I hope we will have the opportunity to debate it.

I support the view already expressed about Equitable Life. The right hon. and learned Lady is absolutely right to make the distinction between an ex gratia payment and compensation, but she ignores the findings of the

ombudsman. The early-day motion tabled by my hon. Friend the Member for Twickenham (Dr. Cable), which has attracted 307 signatures, shows the strength of feeling across the House. If we can get 16 more signatures, there will be an absolute majority of Members who want something to be done. May we have a proper debate and an oral statement on the issue?

The House rises for the summer recess on 22 July. Will the Leader of the House ring round all the Government offices to make sure that we do not have what we have every year, which is a profusion—a plethora—of written statements in the last days before the House rises, so that people cannot examine the statements and ask questions in the House? Last year, we had 63 written statements in the last two days. The worst offender, incidentally, was the Prime Minister, with no fewer than 10 written statements on the last day. That is unacceptable. The Leader of the House has time at least to phase the statements over the next week. Will she do so?

Ms Harman: The hon. Gentleman made further points about Equitable Life. I think 100 per cent. of Members want justice for Equitable Life policyholders who have lost out. We all agree with that, and a process is under way to make sure that ex gratia payments are made.

The hon. Gentleman talked about the custom and practice whereby loads of written ministerial statements are put out in the final days. I am already raising that with ministerial colleagues, to encourage them not to leave things until the last moment. If every Department does that, the difficulty is that there is an unmanageable amount of statements for colleagues to respond to. I shall remind all colleagues that the matter has already been raised by the House and that this time we have to try to break the habit of a lifetime—of tipping them all out before the summer recess. I will do my best, and so will my deputy and the Chief Whip—[Hon. Members: "Ah."] So it is sure to be all right.

The hon. Member for Somerton and Frome (Mr. Heath) mentioned the case of Gary McKinnon. As I understand it, the matter is not for the Home Secretary's decision; it was for decision by the courts, which have decided that this man should be extradited. It is not at the discretion of the Home Secretary, but a decision by the courts.

The hon. Gentleman made the point that when a White Paper is to be produced there should be an indication to the House—perhaps the previous week—even if the particular day was not specified, so that Members at least know that something is coming up. In order not to give a date that then turns out to be wrong—because something else happens that moves the date a day or two, and everybody says, "Aha, something's gone wrong"—we have been deterred from announcing oral statements in advance, but actually the outcome is perverse. We are planning something and we know about it within a day or so, but we do not inform the House. When we come back, I think that perhaps for an experimental period, we will try to give a business statement indicating when oral statements about major documents are likely to be coming up. That is a good suggestion.

On the question about the revelations in *The Guardian*, the hon. Gentleman will have heard the responses given by my right hon. Friend the Minister for Policing, Crime and Counter-Terrorism to the urgent question. A number of Members have already raised with me whether there is a question of privilege. It certainly does raise issues of grave concern. We are elected to represent our constituents and, to do our duty in that respect, to hold the Executive to account. We must not be impeded in that work by interference through the interception of our communications. That would constitute contempt of Parliament and a breach of parliamentary privilege, and it is something I shall have to consider.

Several hon. Members *rose—*

Mr. Speaker: Order. Thirty-seven Members are seeking to catch my eye and, as always, I am keen to get in as many as possible, so I must ask each hon. Member to ask one brief supplementary question and, of course, I look to the Leader of the House, as always, to provide a pithy reply.

Jessica Morden (Newport, East) (Lab): There was a very short but excellent debate in Westminster Hall last week on the Government's response to the Archer inquiry. Given the huge importance of the issue to those affected, may I join calls made by other Members for a much longer debate on the Floor of the House on that important issue?

Ms Harman: I know that despite the increase in compensation for the victims of contaminated blood supply, there is still a great deal of concern for people who have, unfortunately, been contaminated through no fault of their own. I will bring my hon. Friend's comments to the attention of Ministers in the Department of Health.

Philip Davies (Shipley) (Con): One of my local papers, the *Keighley News*, recently reported that a judge who had sentenced people involved in gang violence to prison had complained that he had to give "extraordinarily lenient sentences" to those people

"Because he was hidebound by the law".

He went on to criticise a system in which people who have spent time on bail subject to a curfew receive a reduction in sentence. Given that judges are complaining about the lenient sentences being handed out, may we have a debate on the subject? It causes a great deal of concern in my constituency.

Ms Harman: It is best if we leave the judges to get on with sentencing, which is their job, not ours, and the judges leave us to get on with legislating, which is our job, not theirs.

Richard Burden (Birmingham, Northfield) (Lab): Will my right hon. and learned Friend reflect, with her colleagues, on the mechanisms to be used to inform the House and me, the constituency MP, when it is known how the Serious Fraud Office intends to proceed with the MG Rover inquiry? Will she confirm today that it remains the Government's intention to publish the inquiry report as soon as possible, and that the Government will do everything that they can to ensure that the former workers of MG Rover receive the money that is their due from the trust fund that has been set up?

Ms Harman: The Government agree very much with my hon. Friend that those who are owed money should be paid as quickly as possible by the trust; my hon. Friend has championed his constituents in that regard. As far as the publication of the report is concerned, as

[Ms Harman]

he said, the Department for Business, Innovation and Skills has referred the question of whether there should be a criminal investigation to the Serious Fraud Office. The SFO has undertaken to decide whether the matter warrants a full investigation within, I think, 20 days of the matter being referred to it. If there is not to be any further criminal investigation, the report will be published. Obviously, if there is to be a criminal investigation, nothing must be done that would prejudice it, but the report will be published once any criminal investigations have been concluded.

Justine Greening (Putney) (Con): May we have a debate on the effectiveness of Jobcentre Plus in helping people to get back into work? In 2002, my London borough of Wandsworth had five jobcentres; now we have just one. Local people are concerned about the resource ability of Jobcentre Plus to give them meaningful help to find employment again. May we have a topical debate on that?

Ms Harman: I would like to pay tribute to those who work in jobcentres and Jobcentre Plus. They do an incredibly important job. The service has been transformed from what it was during the last recession, when people sat behind grilles and paid out unemployment benefit, or signed people off on to incapacity benefit, but did not help them to get back into work. There is a whole range of work and training now available to people who face the awful fact of unemployment. I hope that the hon. Lady will support the extra investment that we put into Jobcentre Plus to make sure that it can work even better on behalf of those who face unemployment.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): May we have a debate on health and safety for those employed in the construction industry? My right hon. and learned Friend will be aware of a report recently produced by the Department for Work and Pensions on the issue. Its author, Rita Donaghy, a senior employment expert, made a number of recommendations, foremost among them the extension of the Gangmasters (Licensing) Act 2004 to the construction industry. Will my right hon. and learned Friend assure the House that those recommendations will be given serious consideration?

Ms Harman: The Rita Donaghy report is very important, and I should like to thank her for her work. The Gangmasters Licensing Authority, which my hon. Friend was instrumental in setting up, has ensured that workers are not undercut by exploited labour and has protected migrant labourers from being exploited. It has saved the taxpayer money by reducing the evasion of tax, and above all, it has helped with health and safety. Rita Donaghy's suggestion that the 2004 Act be extended to the construction industry is well worth considering.

Mr. Michael Fallon (Sevenoaks) (Con): Given that a clear majority of those who can sign early-day motions have signed the motion on Equitable Life, why does not the Leader of the House simply list it as the subject of the topical debate next week? Or does she think that 307 Members of this House can be persistently and consistently ignored?

Ms Harman: Everyone—all Members of the House—are concerned that there should be justice for the Equitable Life policyholders. There has been a debate on the subject in Westminster Hall and a statement in this House. We all agree that the policyholders should receive ex gratia payments, and the Government are setting about enabling that to take place.

Sir Stuart Bell (Middlesbrough) (Lab): The House will be grateful for the statement made by the Minister for Policing, Crime and Counter-Terrorism on the serious allegations made against News Group Newspapers today. I remind the Leader of the House that the allegations are serious. There are allegations of hacking into Cabinet Ministers' private telephone numbers and the numbers of Members of Parliament from three major parties, and allegations that a parliamentary Select Committee was misled. Given all those serious breaches of our privileges and sovereignty, I invite my right hon. and learned Friend to lay a motion before the House next week, referring those matters to the Standards and Privileges Committee.

Ms Harman: Those are issues of grave concern. It is absolutely fundamental that once we are elected to this House, we are able to get on with our job without let or hindrance. Certainly, if unlawful interception of telephone communications, voicemails and texts had taken place, it would be contempt of Parliament and a breach of parliamentary privilege. Those matters are of grave concern, and I will certainly consider what issues have arisen and what would be the appropriate action for me to propose to the House.

Mr. John Leech (Manchester, Withington) (LD): Transport bosses from Manchester are meeting the Minister with responsibility for rail later this afternoon to discuss their concerns about the Government reneging on their promises on the number of railway carriages for Greater Manchester. May we have an oral statement to the House to assure hon. Members about the number of railway carriages that we are getting, and about when we will get them, so that we can start dealing with congestion on our railways in Greater Manchester?

Ms Harman: I am assured by my hon. Friend the Deputy Leader of the House, who represents a seat in Greater Manchester, that there has been no reneging on any commitments on important transport infrastructure in Manchester.

Mr. Elliot Morley (Scunthorpe) (Lab): Corus in Scunthorpe has today announced a further 360 job cuts. That comes on top of 500 job cuts that were announced recently. Given the severe impact on the steel industry in Scunthorpe, and indeed nationally, will my right hon. and learned Friend ask the Business Secretary to have urgent talks with Corus about its plans, to bring some stability to the company? While I am grateful for the regional development agency taskforce, which is being sent into Corus to help staff, may we have a debate about how we can use selective regional aid to help areas such as mine, which are being hit so badly by the global downturn in manufacturing?

Ms Harman: My right hon. Friend makes important points on behalf of his constituents. There will be a Minister from the Department for Business, Innovation

and Skills at the Dispatch Box later this afternoon, responding to the topical debate on manufacturing in Britain.

Mr. Oliver Letwin (West Dorset) (Con): May we have a debate on access for international observers to Gaza, in the light of the apprehension of a boat in Gazan waters recently?

Ms Harman: I will raise the matter that the right hon. Gentleman has brought to the attention of the House with my right hon. Friend the Foreign Secretary.

Michael Connarty (Linlithgow and East Falkirk) (Lab): Will the Leader of the House arrange for the Business Secretary to make a statement on the operation of the guidelines on the recently passed amendment to the National Minimum Wage Act 1998? That amendment forbids the use of tips, gratuities, service charges and cover charges to pay the minimum wage. She will know, because I gave her a copy, that it is almost the sixth anniversary of my ten-minute Bill on the subject. My proposal resulted in a change to the law recently. Confusion has reigned since the regulations have been in place, because it is not clear how one can prevent people from taking and keeping payments made by customers, so can the guidelines be published soon, as the regulations will come into force in October—

Mr. Speaker: Order. I think we have got the drift.

Ms Harman: I congratulate my hon. Friend on the work that he has done, which began even before we came into government and brought into effect a statutory national minimum wage. I congratulate him on his private Member's Bill, which he introduced in 2003 and which amended the national minimum wage in respect of tips. We are very proud that we introduced the national minimum wage. It has helped millions of people. Secondary legislation will go through Parliament to address the points that he has been raising, including in his Bill, and there will be consultation.

Sir Nicholas Winterton (Macclesfield) (Con): Sadly, the motion on the setting up of a Select Committee for the reform of the House did not go through last night. It is therefore future business. In order to facilitate the passage of a measure that the Leader of the House clearly wants, will she give me an assurance that she would look very sympathetically at the transfer of the drawing up of Standing Orders from the Executive of the day to the House of Commons as a whole? That would provide the House of Commons with the independence and integrity that it deserves.

Ms Harman: I did commit to bringing a motion to the House to establish a Committee that could look at a number of important issues to strengthen the role of the House, including the way in which we select Chairs of Select Committees and the role of the House in arranging the business of the House. I tabled a motion which was not regarded as broad enough. Having seen the amendments, I withdrew the original motion and tabled one that incorporated the spirit of the amendments. Unfortunately, an hon. Member objected to it when it was brought to the House last night, but I hope that they will withdraw their objection and that the House will have another chance next week to make sure that the motion goes through.

Julie Morgan (Cardiff, North) (Lab): I am sure my right hon. and learned Friend is aware that the Ashes is taking place in Cardiff for the first time ever. Does she agree that this is a good move? When may we have a debate about spreading major sporting events around the UK?

Ms Harman: Cardiff has shown how, with the Welsh Assembly and great leadership by the First Minister of Wales, it can be made the centre of a range of international events, and I am sure the Ashes will be very successful.

Mr. Graham Stuart (Beverley and Holderness) (Con): Will the statement on Equitable Life be in oral form?

Ms Harman: I cannot say now whether there will be an oral or a written statement, but the Chancellor will be responding to oral questions next week.

Laura Moffatt (Crawley) (Lab): My right hon. Friend the Secretary of State for Children, Schools and Families rightly reviewed the progress that Haringey council had made in improving children's services following the terrible killing of baby Peter, but there are eight authorities whose services were found wanting by Ofsted, including West Sussex county council. Will my right hon. and learned Friend find time for us to debate these important matters on the Floor of the House?

Ms Harman: I will raise these matters with the Secretary of State for Children, Schools and Families and look for an opportunity for further accounting to the House. My hon. Friend will know that the Secretary of State is today taking part in a programme of encouraging more highly qualified people to go into the important job of social work so that whether for old people, people with mental health problems or, above all, children, there are proper social services to take care of them.

Dan Rogerson (North Cornwall) (LD): An unsuccessful independent candidate at the recent local elections in Cornwall has accused the Conservative party of targeting the second-home vote in particular at elections. If that were true, the Conservative party would be acting entirely legally because those people are on the electoral register, but it has stimulated a debate locally about whether it is right for people with multiple houses around the country to have votes in different places. Will there be an opportunity for the House to debate that?

Ms Harman: The Political Parties and Elections Bill is going through Parliament. It has just gone through the House of Lords and will come back to the Commons following the debate on amendments in the other place. I am not yet clear whether there would be an opportunity for that point to be raised when the Bill comes back to this House, but the hon. Gentleman can have a look to see whether there is one.

Mr. Lindsay Hoyle (Chorley) (Lab): Will my right hon. and learned Friend find time for a topical debate on the success of the Freedom pass for pensioners? We should be able to extend it to young people. People

[Mr. Lindsay Hoyle]

spend a lot of money sending their children to school and college, and we are now coming to the summer holidays, so can we introduce a Freedom pass for young people? That would make an excellent subject for a topical debate, which my right hon. and learned Friend has promised in the past, but it has failed to reach the House.

Ms Harman: My hon. Friend is right: the Freedom pass has been incredibly important in providing opportunities for older people to be out and about all over the country. It was led by the Government and we are extremely proud of it. The extension of such passes to young people was made by Mayor Ken Livingstone in London, and other authorities can no doubt consider doing the same.

Tony Baldry (Banbury) (Con): The Leader of the House will be aware that the closing date for the consultation on the Building Britain's Future White Paper is 21 September so, rather perversely, we will clearly not get the debate in the House as promised on page 113 of that White Paper before the closure of the consultation period. However, is there not a broader point here? When the Government bring forward White Papers, their provisions are either otiose, in which case they are just ministerial window dressing, or they are significant. If White Papers have significant proposals, such as the Department for International Development White Paper earlier this week, it is right that we should have an opportunity to debate them properly at some stage. Will the Leader of the House give an undertaking that, following a reasonable period after the publication of a White Paper, the House will have the opportunity to debate the proposals in that White Paper before we get to the point when legislation is brought to the House?

Ms Harman: The hon. Gentleman makes a fair point. There is an opportunity in the debate on 21 July on the motion on the summer recess Adjournment for hon. Members to make contributions exactly to that effect.

Mr. Eric Martlew (Carlisle) (Lab): My right hon. and learned Friend will remember that at the last business questions I asked a question, and I shall ask it again because we need clarity. Will the Leader of the House arrange a debate on the issue of Secretaries of State in the other place not being able to make statements to this House and not being answerable to this House? There is great concern among Members in this place that those Secretaries of State are not answerable to the House of Commons.

Ms Harman: I can say no more to my hon. Friend than I said last week, which is that there are Ministers from every Department accountable to hon. Members in this House.

Mr. Peter Bone (Wellingborough) (Con): The acting Prime Minister was quite right when she said it would be a contempt of Parliament for hon. Members' phones to be tapped, so when the Minister for Policing, Crime and Counter-Terrorism makes a statement later, could we have an assurance that no hon. Member's phone has been tapped by the Government since 1997?

Ms Harman: The hon. Gentleman will know that the Wilson doctrine stipulates that the work of hon. Members should not be impeded by any interception by way of the security services. What my right hon. Friend the Minister for Policing, Crime and Counter-Terrorism said in response to the urgent question is that if there was anything further to report, he would make sure that he kept the House informed. I do not think he promised to make an oral statement to update the House this afternoon, but he will make sure that the House is kept informed if there is any further action or any outcome.

Sir Peter Soulsby (Leicester, South) (Lab): On Tuesday, in response to a question from the hon. Member for Blaby (Mr. Robathan), the Minister for Housing announced that he would make a statement on Pennbury and other proposed eco-towns before the summer recess. Given that the Pennbury proposal will have a devastating effect on my constituency and the regeneration of the city of Leicester, and indeed on the constituencies of the hon. Member for Rutland and Melton (Alan Duncan), my right hon. Friend the Member for Leicester, East (Keith Vaz) and many others, may we have an assurance that that statement will be made at such a time and in such a way that we can have a full debate on its content?

Ms Harman: I will bring my hon. Friend's comments to the attention of the Housing Minister and make sure he realises that my hon. Friend's comments are supported by a number of Members across the House.

Mr. Ben Wallace (Lancaster and Wyre) (Con): In the light of the newspaper articles this morning about Cabinet Ministers possibly having their phones tapped, which shows that the Government are incompetent even at protecting the Government and their people from intercept, may we have a debate on information security which, as the Leader of the House knows, is the responsibility of the Cabinet, so that before we rise for the recess we can hold the Government to account for the function of national security, in which they have failed?

Ms Harman: On national security, accountability is not only to Ministers but to the Intelligence and Security Committee. The hon. Gentleman will have heard my right hon. Friend the Minister for Policing, Crime and Counter-Terrorism informing the House of the actions that the Metropolitan police are taking, when he responded to the urgent question this morning.

Mr. Tom Watson (West Bromwich, East) (Lab): Gary McKinnon should be tried in the United Kingdom. He suffers from Asperger's syndrome, and to remove him forcibly from the UK would be a brutal act. Does my right hon. and learned Friend agree that people will rightly be angry that one man involved in hacking is forcibly removed from this country, while another has a security pass to the parliamentary estate?

Ms Harman: *rose—*

Mr. Speaker: Order. May I just say to the Leader of the House that the hon. Gentleman has made his point and it is clearly on the record, but that the case is, I am advised, sub judice? I know that the Leader of the House will want to be very cautious about the way in which she responds.

Ms Harman: The Extradition Act 2003 provides for extradition to the United States in respect of a number of serious offences. If the courts decide that there is a case to answer, the case will go before the courts and be considered on its evidence. There is also an appeal mechanism.

Mark Hunter (Cheadle) (LD): At the time of the most recent Health questions, there had been only one fatality from swine flu. Now, there have been seven deaths and thousands more cases have been brought to light. Given the dramatic escalation in the number of cases, and with the parliamentary recess almost upon us, will the Leader of the House agree to press the Secretary of State for Health on the need for a further debate in Government time on the UK's preparations for dealing with the swine flu epidemic?

Ms Harman: The Secretary of State for Health has kept the House regularly updated on action both to protect people from swine flu and to work internationally to tackle the pandemic. If any further announcements are to be made, he can make them while the House is sitting. If the House is in recess, he will obviously make sure that all hon. Members are kept informed.

Mr. David Anderson (Blaydon) (Lab): In response to two questions from hon. Members yesterday, the Leader of the House became the latest in a long list of Ministers to support the case for compensation for pleural plaque sufferers. However, she did not answer the question whether there would be a statement in the next two weeks. Will there will be a statement in the next six days, before any more suffering takes place?

Ms Harman: I am afraid I cannot give an exact answer to my hon. Friend, but I shall discuss the issue further with the Justice Secretary.

Mr. Nigel Dodds (Belfast, North) (DUP): Following on directly from the issue that the hon. Member for Blaydon (Mr. Anderson) raises, I think the House will be aware of the excellent statement made in Northern Ireland, recommending a change in the law which would overturn the House of Lords decision on compensation for pleural plaque sufferers. The law has already been changed in Scotland. Is it not time that we had a statement, before the summer recess, ensuring that there is consistency throughout the country so that all sufferers can benefit from a change in the law and access compensation?

Ms Harman: I shall bring that point to the attention of the Justice Secretary.

Andrew Miller (Ellesmere Port and Neston) (Lab): It is normal practice in many workplaces for an employee who is accused of a serious criminal offence to be suspended from that workplace, irrespective of where the alleged offence took place. Is it therefore not appropriate to have Mr. Coulson's parliamentary pass withdrawn?

Ms Harman: I think that there is an established procedure, which the House authorities and the Speaker operate, for the consideration of any suggestions that a House of Commons pass be withdrawn.

Mr. John Baron (Billericay) (Con): With discussions on reform of the House under way, will the Leader of the House reflect on answers given during Work and Pensions questions, showing that, between 1997 and 2000, each page of primary legislation received 14 minutes of scrutiny in this place, and the most recent figures, showing that that time has halved to seven minutes? May I suggest to her that if this place is to do its job properly, either we must have more time to scrutinise legislation or we must introduce less but more effective legislation?

Ms Harman: The balance between the scrutiny of Government Bills and all other non-Bill debates, such as Opposition day debates, debates chosen by the Liaison Committee, general debates, topical debates and Budget debates, will be considered by the Committee that I hope the House will set up next week, with my hon. Friend the Member for Cannock Chase (Dr. Wright) as Chairman. The hon. Member for Billericay (Mr. Baron) raises an important matter, and senior Members are prepared to get on and look at it on behalf of the whole House, so I hope that the friends of the hon. Member who last night objected to the Committee and prevented its being set up, will prevail upon him. I suggest that to the hon. Member for Billericay, and I shall talk to him afterwards.

Clive Efford (Eltham) (Lab): Does my right hon. and learned Friend agree that it is a strange legal system that allows an out-of-court settlement to gag somebody from giving information that may lead to a criminal investigation? Does she think it a matter worthy of further investigation? Mr. Gordon Taylor, who is head of the Professional Footballers Association, signed such a settlement with the *News of the World*, and he may have been implicated in covering up criminal activity. He may also have compromised his representation of the players whom he is paid to represent, because it has now been revealed that the *News of the World* may have investigated the private lives of some of those people, too. Does my right hon. and learned Friend not think it a curious situation and something worthy of examination on the Floor of the House?

Ms Harman: There are a number of issues of concern. There are issues that concern the Press Complaints Commission and the operation of the press, which are the responsibility of the Department for Culture, Media and Sport. There is the issue of the potentially criminal actions, which is a matter for the police and, ultimately, Home Office accountability. Of course, the Minister for Policing, Crime and Counter-Terrorism answered an urgent question today. There are also the serious allegations of interference with hon. Members as we have gone about our responsibilities to represent our constituents, and that is a matter for the House. All those matters must be looked into, and we must have clear answers.

Mr. Nigel Evans (Ribble Valley) (Con): On Sunday, there was an uprising in Urumqi, in the Xinjiang province of north-west China, and its suppression led to more than 150 people being killed and to more than 1,500 being detained. May we have a statement early next week about the action that the Government have taken on the issue? And may we have a guarantee that the

[Mr. Nigel Evans]

Prime Minister will contact Hu Jintao, if he has not already done so, to ensure the human rights of those who are being detained?

Ms Harman: I know that the Foreign Secretary has joined other Foreign Secretaries and the United Nations in calling for the exercise of restraint so that there is a right to demonstrate and there are no more injuries, but I shall ask the Foreign Secretary to write to the hon. Gentleman with further details.

Harry Cohen (Leyton and Wanstead) (Lab): May we have a full-scale debate about the media in this country—not just about the Coulson illegal phone-tapping affair, but about BBC pay and pensions, which far exceed those of Members, the vile bile that is written about Members and, paradoxically, the need to save local journalists' jobs? May I put this question to the Government and ask the Leader of the House about Government policy? Self-regulation seems to have failed in the financial sector and in Parliament; why, then, is it all right for self-regulation to persist in the media?

Ms Harman: I shall bring my hon. Friend's comments to the attention of my right hon. Friend the Secretary of State for Culture, Media and Sport.

Greg Mulholland (Leeds, North-West) (LD): The Secretary of State for Health has so far ignored calls for an inquiry into the NHS using independent sector treatment centres, including calls from the family of Dr. John Hubley, who tragically and unnecessarily died at the Eccleshill treatment centre. May I say to the Leader of the House again—this is the second time—that we need a debate? I cannot call for one, because I am my party's health spokesperson, but this is an important issue, and the NHS National Patient Safety Agency has warned that such treatment should not go ahead without proper procedures in place. May we have a debate on that important issue in Government time?

Ms Harman: Safety for all patients is important, irrespective of where the NHS provides that care. I shall have go back to the question that the hon. Gentleman asked me before, and to his question today, and ask the Health Secretary to write to him.

Albert Owen (Ynys Môn) (Lab): A number of my constituents have raised concerns about newspaper reports that Lloyds Banking Group is employing and recruiting overseas IT workers while laying off staff. Should not a so-called British bank, which is supported by British taxpayers' money, support British workers? May we have a debate on that urgent matter in order to hold Lloyds Banking Group to account?

Ms Harman: Perhaps my hon. Friend could ask Treasury Ministers about that issue during oral questions next week.

Mr. Ronnie Campbell (Blyth Valley) (Lab): Will my right hon. and learned Friend approach the Secretary of State for Health about the postcode lottery as regards drug treatment and the financing of individual health authorities? At the minute, it seems that one health authority has it and the other does not. It really is a dog's dinner, and the Government need to look at the issue.

Ms Harman: That is an important matter, but it is one for the individual primary care trusts; my hon. Friend will no doubt seek a discussion with his. If he is not satisfied with his PCT's response, he should raise the issue directly with Health Ministers.

Mr. Dennis Skinner (Bolsover) (Lab): As the Leader of the House will recall, some months ago I raised the matter of Bolsover district council's need to replace 108 prefabricated bungalows, which were built after the end of the second world war. We had a meeting with the previous Housing Minister, who has now gone. We need to debate the issue because Bolsover district council had been led to believe that if it did not own its own housing stock, but had an arm's length management organisation, it would get the money from the Government to replace those bungalows. Their foundations are rotting and we need a debate on the issue.

More importantly, will the Leader of the House convey to the new Secretary of State for Communities and Local Government that we need him to meet Bolsover council representatives, to ensure fair treatment between councils that retain council stock and those that have gone over to ALMOs?

Ms Harman: I shall ask the Minister for Housing to meet the hon. Gentleman and representatives of his council, to sort out how the upgrading of that housing should be dealt with. Perhaps some of the Building Britain's Future investment of £1.5 billion will find its way to Bolsover.

Emily Thornberry (Islington, South and Finsbury) (Lab): Until and unless we can be assured that the Leader of the Opposition's director of communications has not been involved in the surveillance of Members of Parliament—[HON. MEMBERS: "Out of order!"] Until and unless we can be assured that that person has not been involved in these crimes, can the Leader of House not withdraw his parliamentary security pass?

Ms Harman: I have to say to Opposition Members that the question of who has a pass to the House is a matter for the House—not for me, personally, as Leader of the House. All I can suggest is that my hon. Friend raise the matter with the House authorities and ask them to respond on whether it is acceptable for that person to continue having a pass, allowing him to move freely around the House.

Points of Order

12.42 pm

Mr. David Heath (Somerton and Frome) (LD): On a point of order, Mr. Deputy Speaker. I thought about raising this matter at business questions, but I think that it is more appropriate on a point of order. Mr. Speaker and his predecessor have always deprecated the release of information to people outside this House before its announcement here. A few moments ago, the Leader of the House gave the future business and provisional business for October, and announced the delay of the Report stage and Third Reading of the Health Bill until Monday 12 October.

That information was given to lobbying organisations, NGOs and others long before it was discussed through the usual channels or with anybody else, including shadow Ministers from my party or, I believe, the Conservative party. It was certainly made known long before it was announced to the House. I know that this has happened before and that it is not unusual, but it seems wrong that Departments should be able to make announcements about the timing of the future business of the House to organisations that are not part of the House, before hon. Members know about it. Could not instruction be given to Departments to ensure that that does not happen in future?

Mr. Deputy Speaker (Sir Michael Lord): The hon. Gentleman could have raised that issue during business questions rather than as a point of order. The whole House will be aware of how strongly Mr. Speaker feels about such activity. The points that the hon. Gentleman has made are on the record and will be studied by everybody—not least Treasury Benchers and, I feel sure, Mr. Speaker.

The Leader of the House of Commons (Ms Harriet Harman): Further to that point of order, Mr. Deputy Speaker. The truth is that Departments do not know exactly when their Bills are to receive Second Reading or have further stages debated until the business managers have decided, following discussions with the usual channels, and told them. Obviously Departments can make inspired guesses and put them around, but if they do that they might find one of these days that they are proved wrong. I assure the hon. Member for Somerton and Frome (Mr. Heath) that the business managers do not discuss the business of the House in advance with anybody at all. We would not do that, because it would not be right.

Mr. Graham Stuart (Beverley and Holderness) (Con): On a point of order, Mr. Deputy Speaker. Given the seriousness of the urgent question this morning, do you agree that it would have been appropriate for the Home Secretary, rather than the Minister for Policing, Crime and Counter-Terrorism, to have been here to answer? The Minister had obviously not been afforded the information with which to answer properly to the House. Mr. Speaker is committed to ensuring that the House can hold the Executive to account. The Home Secretary is in this country at an event that could easily have been rescheduled, and he—not the Minister—should have been here this morning.

Mr. Deputy Speaker: Obviously the Home Secretary would ideally be here to answer such an urgent question. However, it is extremely difficult—particularly on a Thursday and when the urgent question is granted at the last minute—for the Government to rearrange all their business. However, I take the hon. Gentleman's point, which is firmly on the record. In some circumstances, however, what has happened is quite understandable.

Mr. Nigel Dodds (Belfast, North) (DUP): On a point of order, Mr. Deputy Speaker. During the responses to the urgent question earlier today, the Minister said that there probably would not be a statement on the matter later today. May we have some indication of when a statement is likely to be made, given that the Metropolitan police are likely to say something about the issue later today? Is there any reason the House cannot be informed about when that ministerial statement is likely to be made—on Monday, for example? If the House cannot be so informed, what is the problem?

Mr. Deputy Speaker: Order. That is not for the Chair to answer today. The situation is developing and more information about it will become clear as time goes by. If the Government decide to make a statement, I am sure that they will make it at the appropriate time.

Mr. Christopher Chope (Christchurch) (Con): On a point of order, Mr. Deputy Speaker. Last Thursday, Mr. Speaker made a statement to the House and a number of Members were disappointed that they were not able to ask him questions about it as they ask Ministers questions about their statements. Mr. Speaker himself canvassed the idea of a Speaker's question time when he was seeking election to his post.

I wonder whether—through you, Mr. Deputy Speaker—we could raise with Mr. Speaker the idea that when the Speaker makes a statement to the House, he will accept questions about it from right hon. and hon. Members. I am sorry that Mr. Speaker is not in the Chair at the moment and so cannot respond directly. However, I hope that, having put my point on the record, I can obtain a response from him in due course.

Mr. Deputy Speaker: As the hon. Gentleman will understand, I cannot respond directly to him. I suggest that he write in detail to Mr. Speaker, setting out his suggestions. I am sure that he will get a response to them.

Prevention and Suppression of Terrorism

[Relevant documents: The Eighteenth Report from the Joint Committee on Human Rights, Counter-Terrorism Policy and Human Rights (Fifteenth Report): Annual Renewal of 28 Days 2009, HC 726.]

12.48 pm

The Minister for Policing, Crime and Counter-Terrorism (Mr. David Hanson): I beg to move,

That the draft Terrorism Act 2006 (Disapplication of Section 25) Order 2009, which was laid before this House on 18 May, be approved.

May I start, Mr. Deputy Speaker, by saying that the urgent question was granted today at 10 o'clock? My right hon. Friend the Home Secretary is in Manchester and the transport system is not yet effective enough to have him back here for half past 11. In response to the hon. Member for Belfast, North (Mr. Dodds), I should say that I indicated that I would update the House at an appropriate time when further information came to light.

In our debates on what became the Terrorism Act 2006, the Government agreed that there should be a requirement for the annual renewal, by order debated in Parliament, of the extension of the maximum period of detention of terrorist suspects from 14 to 28 days. As the House will know, two such orders have been made since the commencement of the 2006 Act and the order today renews the maximum period of 28 days for a further period of one year, beginning 25 July 2009.

Over the past 18 months, pre-charge detention has been the subject of considerable debate—that is an understatement—in the House, including during the passage of the Counter-Terrorism Bill last year. The issue has been discussed by the Home Affairs Committee and the Joint Committee on Human Rights, which is chaired by my hon. Friend the Member for Hendon (Mr. Dismore). It would not be appropriate for me to go over those discussions today, because they have been, and will continue to be, an important contribution to the debate.

It is worth reminding ourselves of and reflecting on why Parliament agreed the exceptional 28-day limit. As Members will know, terrorist investigations are hugely time consuming. The increase from 14 to 28 days was necessary primarily as a result of major investigations into the use of encrypted computers and mobile phones, complex terrorist networks, the international nature of networks, and the use of more, and different, languages. From my perspective and that of the Government, public safety is paramount; it is our main responsibility.

Ms Dari Taylor (Stockton, South) (Lab): Is my right hon. Friend going to announce to the House how many individuals have been put on pre-charge detention because there is concern about their activities?

Mr. Hanson: I can give my hon. Friend those statistics. She will know that to date 11 individuals have been held for more than 14 days on pre-charge detention. As a result of what happened in that 14-day period, six of those 11 were held for the maximum of 27 to 28 days, of whom three were charged and three were released without charge. She will also know that in the past two years nobody has been held beyond 14 days.

Sadly, terrorism is with us. The situation is very fluid. We are still at a level of severe threat to the United Kingdom. The issues of encrypted computers, mobile phones, terrorist networks, international languages and the need to gather evidence abroad may well require us, in response to further terrorist activity, to take actions—I hope they will be uncalled for—whereby the use of 28 days may be appropriate.

Lembit Öpik (Montgomeryshire) (LD): I have heard all this before. In Northern Ireland, we had this debate year after year, and it was pretty much unequivocally proved that detention without trial was a recruiting sergeant for terrorism, rather than something that helped to reduce it. Why does the Minister think that the lessons of history can be ignored today?

Mr. Hanson: I understand the hon. Gentleman's interest in and affinity with Northern Ireland. He will know that I served as a Northern Ireland Minister for two years. He will also know, as will the hon. Member for Belfast, North (Mr. Dodds), that in Northern Ireland there have been, and will continue to be, considerable terrorist threats to the security of the population. I believe that it is important that we retain these powers. We have had, over some years, debates on extensions beyond 28 days, but now, I hope, we have a settled will that 28 days provides the opportunity for detailed investigation—where appropriate, with the appropriate legal safeguards—to ensure that we protect the public, which, for me, is key.

Keith Vaz (Leicester, East) (Lab): An issue that has been raised in every one of these debates, in all parts of the House, has been the impact on communities. A whole section of the excellent report by the Joint Committee on Human Rights is devoted to the need for the Government to place an impact assessment before the House. Has that assessment been done, and is it available for Members to read?

Mr. Hanson: I am grateful to my right hon. Friend for his intervention, and to my hon. Friend the Member for Hendon (Mr. Dismore) for his comments, through the Joint Committee on Human Rights, on the impact on suspects and communities. I have looked at that issue this very week, and I will commission an impact assessment shortly. If the House will allow me, I will report back to it when the final commissioning has taken place to ensure that we deal with those matters.

Mr. John Baron (Billericay) (Con): Why is the Minister so intent on ignoring the evidence against long pre-charge detention periods? Having served in Northern Ireland, I know that it was a recruiting sergeant for the IRA in turning communities against us. However, that question has already been asked, so let me refer him to the international evidence, which suggests that in the vast majority of countries across the world, and in most western democracies—in places such as Turkey, for example—pre-charge detention periods are less than a week. The evidence simply does not stack up.

Mr. Hanson: There are, self-evidently, different legal systems with different nuances throughout the European Community. The Government judge that 28 days is a mechanism that we need, with the appropriate legal

safeguards, to ensure that we protect the public—that is our first priority. The fact that the power has not been used for two years does not mean that in difficult, trying circumstances where terrorist activity could have been commissioned or undertaken, we would not need it again. In response to my hon. Friend the Member for Stockton, South (Ms Taylor), I gave details of 11 individuals who have been through that maximum period since the legislation was enacted, three of whom were charged as a result, and who may well not have been charged had we not had that extra 14 days, with the appropriate legal safeguards.

Patrick Mercer (Newark) (Con): The Minister mentions the number of individuals who were released during the 27-day period. We have discussed this extension ad nauseam in this House and in Committee. Can he indicate any level of dissatisfaction among the security services, the police and so on about having to release these individuals, because none has come my attention?

Mr. Hanson: One of my responsibilities as Minister for Policing, Crime and Counter-Terrorism is to look at what the police are saying about these issues. I refer the hon. Gentleman to the former assistant commissioner, Bob Quick, who said in giving evidence on the Counter-Terrorism Bill:

"In some investigations, we have seen"

attack planning activity

"materialise so quickly that on public safety grounds we have had to act pre-emptively before we have had the opportunity to exploit pre-arrest evidential opportunities. That places a huge burden on the investigating officer."

That view has been supported by the current post holder, Assistant Commissioner John Yates. Only in the past few months, Jonathan Evans, the new director general of the Security Service, has stated:

"Al Qaida and other international terrorist organisations remain a very serious threat."

We need to be aware of that and able to take action.

Patrick Mercer: I am grateful to the Minister, but he has not answered my question. As he knows, I head up the counter-terrorism sub-committee, and I am not aware of any great tensions or worries among the police or security services about the individuals who had to be released at the last moment. Am I wrong, or has he, or the Home Secretary, been under pressure about the individuals who have gone to the wire and had to be released?

Mr. Hanson: It is difficult for me to comment on individual cases, but the key point is that we have used the power in respect of 11 individuals, for 28 days. Three individuals were charged in that 14-to-28 day period, and the fact that three were released because there may not have been sufficient evidence, with the allegations being dropped, does not hide the fact that without those extra 14 days there would have been no possibility of charges being made.

Chris Huhne (Eastleigh) (LD): This is not just a question of reducing the debate to numbers and to how tough one is measured by how long the period of pre-charge detention is. There is a clear change to the threshold test, which persuaded some of the Minister's former colleagues to change their views. Why would not the flexibility that the Crown Prosecution Service now has on the threshold test substitute for this measure? Why should we not reduce the period to 14 days? What proportion of terrorist cases, on the latest available figures, have resulted in a conviction, and how does that compare with other cases brought by the CPS? The figures I have seen show that terrorist cases continue to have a higher conviction rate than non-terrorist cases.

Mr. Hanson: I do not carry the number of convictions in my head. I hope that the hon. Gentleman will accept that I am trying to answer to the House in an appropriate way. I will consider those issues. If the figures materialise before the end of the debate, I will give them to him when I wind up.

We judge that 28 days is a necessary opportunity, in difficult circumstances, in the event of such activity.

Mr. Nigel Dodds (Belfast, North) (DUP): On the lessons to be learned from Northern Ireland, there is a difference between indefinite detention without trial—a measure that our party opposed—as it applied in Northern Ireland and the measure before the House, which retains 28 days with all the safeguards and so on. Whatever other points may be made, it is a bit invidious to make that comparison, because the two things are not the same at all.

Mr. Hanson: The hon. Gentleman hits the nail on the head. He will know that internment without trial, which was used for public safety reasons in Northern Ireland at a certain time in history, is not the same as a 14-day extension to 28 days with judicial oversight. A judge has to examine the case, and I am accountable to this House and to the noble Lord Carlile, who reviews these matters. The situation is entirely different, although, if I may say so, we are dealing with some of the same problems. There might well be complex, difficult cases involving detailed trails of evidence that require a level of investigation for which 14 days will simply not suffice.

Several hon. Members *rose—*

Mr. Hanson: I should like to make some progress, but I shall give way finally to my hon. Friend the Member for Stockton, South, and the hon. Member for Chesterfield (Paul Holmes). I have been quite generous.

Ms Dari Taylor: I am most grateful to my right hon. Friend, who has indeed been generous. Will he acknowledge from the Dispatch Box that the Home Office is not communicating effectively? In the Yorkshire bomb factory episode, it was 14 days before officers could get into the factory to start the investigation. It is critical for all of us to feel that we have a sense of what is going on, so that we can confidently support pre-charge detention of up to 28 days. I ask him to accept that the Home Office is failing to acknowledge its responsibility in that regard.

Mr. Hanson: My hon. Friend makes a passionate case for the use of the power that we currently have. She will know that I have been in post for, I believe, six weeks and four days. I will attempt to examine that issue, because there is a genuine argument, in the interests of public safety, for ensuring that we make that case. What has happened over the past two years has not required

[Mr. Hanson]

the use of the power, but with the threat to the UK still at severe level we need to be sure that in the event of a plot either being thwarted or happening, those who are trying to damage our constituents and disrupt their daily lives are brought to justice within a legal framework and within the time that we have.

Paul Holmes (Chesterfield) (LD) *rose—*

Mr. Hanson: I give way for the last time. This is a short debate, and I want Members to be able to have their say.

Paul Holmes: I thank the Minister. Other democratic countries do not have anything like 28 days' detention without charge. Typically, they have two to seven days. The USA and Canada have two days and New Zealand has one day. The Minister pointed out that they have different legal systems, and one difference is that they make extensive use of post-charge questioning to overcome the difficulties of getting into encrypted databases and so forth. The Government have given themselves limited powers to do that. What use has been made of them, and why cannot the Government adopt the practice of other countries by making extensive use of post-charge questioning?

Mr. Hanson: We could have adopted, for example, the model used in France, where pre-trial detention can last four years and it is theoretically possible for someone to be held for that full period. We could have taken the approach of our good colleagues from Spain, who can hold people for five days before handing them over to judicial authorities, after which they can be held in preventive judicial custody for up to four years. We have not taken that approach. We have made a judgment, which will be tested again in the House this afternoon, that 14 to 28 days is a reasonable period, with reasonable judicial safeguards, to ensure that individuals can be charged. Let us not forget what this is about. It is about real threats to our community, and we need to have discussions about that.

As I have mentioned, there are not just general safeguards but specific ones in the judicial system. A Crown Prosecution Service lawyer has to make an application for an extension beyond 14 days, with the senior investigating officer present. Defence solicitors are provided with a written document in advance of each application. Applications are usually strenuously opposed, and the hearings last for several hours. The investigating officer may be questioned vigorously about all aspects of the case.

There is judicial oversight of extensions. A judge can grant an extension of less than seven full days, but he can also grant up to 14 days. That remains subject to judicial oversight. In my view, there is no contradiction between pursuing counter-terrorism objectives and providing a legal framework to defend individuals' liberties and ensure that they are represented and have the opportunity to state their case. Pre-charge detention of 14 days remains the norm, and 28 days is for exceptional circumstances such as those my hon. Friend the Member for Stockton, South, described.

As hon. Members know, the threat level remains at severe. That means, sadly, that we are preparing for an attack that may be highly likely. Since July 2005, when British terrorists attacked the London transport system, murdering 52 people, the anniversary of which was only this week, there have been numerous plots against UK citizens, including in London and Glasgow in June 2007 and Exeter in May 2008. I cannot predict what might happen in the next 12 months. The 28-day limit has been used, and the noble Lord Carlile has consistently highlighted in his annual reports that he expects in the course of time to see cases in which even the current maximum of 28 days will be proved inadequate.

I believe that we have made a good case. I recognise that people are concerned about civil liberty issues, but I believe that judicial overview is sufficient to ensure that the security of individual freedoms is protected at the same time as the liberties of others in the state. I hope that the House will agree to the order. I shall try to answer points that are made in the debate, and if possible I will return to the figures that the hon. Member for Eastleigh (Chris Huhne) mentioned. If I do not have them by the end of the debate, I will certainly write to him in due course. I carry many things around with me, but not every precise figure, and I would not wish to mislead him or the House.

1.6 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): When we debated the last such order, the Government were in the midst of attempting to increase the pre-charge detention limit to 42 days. Having failed to convince the House of the case for 90 days, they then failed to convince Members of another place of the case for 42 days. The fact that we are here again debating an extension of the application of the 28-day limit reflects the fact that these matters are not set in concrete. The fact that the extension must be renewed annually reflects the fact that it is an exceptional power. Although we will not oppose the order, the Government should be aware that the consensus on 28 days is not in any way unconditional.

The statistics on the use of 28 days do not demonstrate to us a continuing and permanent need. In 2006-07, 10 people were held for between 14 and 28 days, of whom seven were charged and three released without charge. In 2007-08, one person was held for longer than 14 days and released on day 19. Since March 2008, no individual has been held for longer than 14 days. I wonder whether, reflecting on those figures, the Minister accepts that the evidence for the year's extension is not completely compelling.

As the Minister will be aware, there continue to be problems with the legal framework for pre-charge detention. The Joint Committee on Human Rights report last month raised a number of questions about the 28-day period. There are concerns that the current law does not uphold a suspect's right to a judicial hearing, and about the amount of information that suspects are given about the reason for their detention. A recent ruling by the Law Lords on the cases of three individuals under control orders is a sign that despite all the safeguards that are in place, the right of all citizens to a fair trial means that the Government need to re-examine the nature of evidence presented to suspects. The same applies to the order before the House.

We all accept that this country faces a real and increasingly complex terrorist threat. There is no debate about that at all, but for exceptional measures such as

those in the order to be acceptable to the public, the Government need to continue to make their case for them.

Keith Vaz: The hon. Gentleman is making a careful and measured case in support of the order. He participated in the previous debate on its renewal and will recall that several Members asked about the assessment of the impact on communities. Is he as concerned as I am that it has taken the Government so long to initiate the risk assessment, when it is clear from all our debates so far that our support for the measure is based, as he has just said, on the Government's making the case?

Mr. Ruffley: The right hon. Gentleman anticipates my next point. I was about to say that the Government, in publishing their Contest 2 counter-terrorism strategy, have attempted to explain the nature of the terror threat and the need for robust policies to face it, but the fullest explanations are required. It is therefore pertinent to consider the concerns about Operation Pathway and the arrest of 12 students in Manchester. Hon. Members will recall that the then Assistant Metropolitan Police Commissioner, Bob Quick, was forced to resign for revealing the operation. The Prime Minister told us that it was a serious plot based on solid evidence, yet not a single charge has been made. Pursuant to that and the comments of the right hon. Member for Leicester, East (Keith Vaz), does the Minister agree that if talk of alarming and dangerous plots is not followed up with transparent judicial process, the wider public will not necessarily be assured of the need for intrusive and tough counter-terrorist measures?

Chris Huhne: The hon. Gentleman is making a compelling case for treating the provisions as temporary. Why, therefore, will not the official Opposition vote against them today? Are they insisting on taking St. Augustine's position—Lord, make us virtuous, but not yet?

Mr. Ruffley: I am grateful for the hon. Gentleman's comments. Our position is that we will, on balance, give the Government the benefit of the doubt on the basic condition that the order will be kept under review. I shall make some further remarks at the end of my speech that will answer the hon. Gentleman's point.

Ms Dari Taylor: The hon. Gentleman is generous in giving way. The subject is difficult and detailed and we all need to ensure that we are concentrating. I am listening carefully to the hon. Gentleman. There is a small but vocal ethnic group in my constituency and in Teesside. None of its members has spoken to me about pre-charge detention and none has criticised it or perceived it as problematic. Indeed, members of that group work with Cleveland police. Is the hon. Gentleman suggesting that groups have spoken to the Conservative party or to him personally to express serious concerns about pre-charge detention? It is important to share our knowledge as well as the concerns that we clearly have.

Mr. Ruffley: The hon. Lady makes a fair point. Colleagues have already said that draconian measures, which are not fully explained or transparent and do not carry public support, can in some circumstances become a recruiting sergeant for those who wish to commit terrorist atrocities against this country.

Patrick Mercer: May I answer the question asked by the hon. Member for Stockton, South (Ms Taylor)? I have certainly received representations from the small but influential Muslim community—Sufis, who are remarkably balanced, sensible and loyal people—in my constituency, asking me to explain the implications of the order. Sources that I handled in Northern Ireland in years gone by have also expressed reservations about it. I will expand on that later, should I be allowed to speak.

Mr. Ruffley: I am most grateful to my hon. Friend. I hope that that goes some way towards answering the question about the representations that we have received. I suspect that Labour Members have also received such representations—the Chairman of the Home Affairs Committee is nodding. If he catches your eye, Mr. Deputy Speaker, he may wish to answer the question asked by the hon. Member for Stockton, South (Ms Taylor).

The Minister has reiterated the case for 28 days, relying on many of the arguments that were made previously—often for 90 days and then 42 days. Although I accept that the complex nature of some terrorist plots and the difficulty in gathering admissible evidence means that extensions will be required, can the Minister offer an update on moves to allow the use of intercept evidence in criminal proceedings? We have not heard much about that in the debate. It is now more than 18 months since the Chilcot review recommended that it was in the interests of national security to develop an acceptable way of bringing intercept evidence to court. I do not know how much progress the follow-up committee has made—perhaps the Minister can give us an update. Sir John's new responsibilities for the Iraq inquiry will place further burdens on his time. It will be interesting to hear about that from the Minister because it bears on the case for the necessity of 28-day periods of detention.

Mr. David Winnick (Walsall, North) (Lab): I apologise to the hon. Gentleman and the House for having to leave the chamber, once the Minister has finished speaking to meet a party from my constituency. We are fortunately a long way from 90 days, which was proposed four years ago, and from 42 days, which was proposed more recently. I give the Government the benefit of the doubt on 28 days, as the official Opposition intend to do, because witnesses who gave evidence to the Home Affairs Committee and were unhappy with 42 days were satisfied with 28 days. They included Ken Macdonald, the former Director of Public Prosecutions. There is therefore a case to stick to 28 days for another year, but the Government should keep the matter under review. The sooner we can get back to 14 days—or even seven days—the happier most of us will be.

Mr. Ruffley: I am grateful for the hon. Gentleman's comments. The order must be kept under review. If the evidence suggests that the period can be reduced from 28 days in future, we will support that. However, we must examine the evidence.

From today, our support for the extension of pre-charge detention in the order will depend on what any Government are able and willing to do about two things. First, they must demonstrate convincingly to Parliament that the security situation is such that 28 days remains indispensable and cannot be shortened. It may seem self-evident, but that means that we need a proper and continuing discussion

[Mr. Ruffley]

in Parliament about the security situation. Secondly, they will need to look at the legal framework governing the judicial authorisation of extended detention to ensure that it meets the procedural protections afforded not only by our common law but by article 5 of the European convention on human rights. I hope that this will give an indication of the approach that we want to take, should there be a change of Government before the next renewal.

The Government of the day have a duty to keep the people of this country secure, with parliamentary consent and public understanding, and to take the measures that are strictly necessary to achieving that end. Protection for the public and for this country must be, and can be, achieved in ways that uphold our historic freedoms and our reputation for justice and procedural fair dealing. It is in that spirit, and that spirit alone, that we make our case today and will not vote down or seek to divide the House on the measure before us.

1.21 pm

Mr. Andrew Dismore (Hendon) (Lab): I should like to speak to the tagged report from the Joint Committee on Human Rights. The Select Committee starts with the premise, as it always does, that human rights law imposes a duty on the state to protect us all from terrorism, and it is on that point that today's debate must focus.

The 28-day provision was supposed to be a temporary measure, but this is the third annual renewal debate since it was introduced in 2006. There is therefore a risk of its developing an air of permanence, as the Prevention of Terrorism Acts have. That legislation was originally aimed at Irish terrorism, but it has been renewed year after year, decade after decade.

In preparing for today's debate, I looked at my notes for last year's debate and the relevant report. Little seems to have changed, save that yet another year has passed without the power having had to be used. I concede that that is not, in itself, proof that the measure is not needed, but it does mean that we need to scrutinise ever more closely the question of its renewal.

The recent report of the Eminent Jurists Panel on Terrorism, Counter-Terrorism and Human Rights warned of the corrosive effect of open-ended departures from ordinary procedures and of the danger of special measures, introduced to deal with a temporary crisis, becoming permanent. The point appears to have been accepted in principle by the Secretary of State for Justice, who was recently reported in the press as having indicated, in a public lecture on 12 May, that UK counter-terrorism laws built up in the wake of the 9/11 attacks on New York and the 7/7 attacks on London should be reviewed and may need to be scaled back. He is reported to have said:

"There is a case for going through all counter-terrorism legislation and working out whether we need it. It was there for a temporary period."

The Government have set out their case again today, stating that the complex nature of terrorism investigations requires the longer period of detention. However, we know from what the Minister has said, and from published documentation, that only six people have been held for the maximum of 28 days, of whom three were charged and three released. In our previous reports, my Committee indicated that detailed, qualitative information was needed for Parliament to make an informed decision. Since September 2008, three people have been convicted. There is a retrial involving other defendants, and I accept that we cannot scrutinise those cases until the retrials have been concluded, but, as I said last year, we could carry out a detailed analysis of the cases of the three people who were released. However, we were told at the time that the Home Office does not hold information on those cases, as they are an operational matter for the police, in consultation with the Crown Prosecution Service. That was a surprising response, as lessons could be learned from the cases of innocent people who have been held for 28 days. Despite last year's assurances of more detailed information being made available, it seems that all we are getting now is the Home Office's statistical bulletin. That gives only the bare figures, which are not a great deal of use.

During last year's renewal debate, the then Minister, my right hon. Friend the Member for Harrow, East (Mr. McNulty), expressly accepted the need for detailed information to be made available about how the power had been used in practice when debating future renewals. Her Majesty's Crown Prosecution Service inspectorate reported on the counter-terrorism division of the CPS in April 2009. The Government relied on that inspection in response to our inquiry into their plans to conduct a qualitative review.

Mr. Winnick: As I have indicated, I am not in favour of reducing the period of 28 days at this stage. Should we not, however, pay tribute to the other place—which I do not always do—because the proposal to increase the period of detention from 28 to 42 days was carried in this House and even, unfortunately, in the Home Affairs Committee, with various qualifications, but their lordships rejected it. So, although it was carried in the Commons by a majority of nine—the number of Unionist MPs at the time—the period was not increased from 28 days, and nor should it be in any circumstances.

Mr. Dismore: My hon. Friend has made his point. I would simply say that my Committee did not endorse the proposal on 42 days, even though his Committee did.

Mr. Winnick: Unfortunately it did, yes.

Mr. Dismore: I was referring to the inspection by Her Majesty's Crown Prosecution Service inspectorate. The Government say that, on the basis of that inspection, there

"does not appear to be any need for another inspection."

However, the CPS inspectorate has not conducted the qualitative analysis that we recommended in earlier reports. We therefore reach the same conclusion that we reached last year on the question of the need to go beyond 14 days to 28 days—namely, that we are unable to reach a view as to whether the Government have made their case. In our report, we repeat our call for a thoroughgoing review of all those cases in which the power has been exercised, with a view to ascertaining whether those released could have been released earlier, and whether those charged could have been charged earlier, on the threshold test. We simply do not know the basis of those charges.

The Minister for Policing, Crime and Counter-Terrorism has made much of the safeguards available through judicial hearing and oversight. We have grave reservations about that, however. A person who has been arrested on suspicion of terrorism has a convention right, under article 5(4), to a judicial hearing to determine the lawfulness of their detention. They have the same right to a judicial hearing under the common law principle of habeas corpus. In a number of our reports, we have expressed our concern that the current arrangements for judicial authorisation of extended pre-charge detention are not compatible with the right to a judicial hearing. We are concerned that the hearing of an application for a warrant for further detention is not a fully adversarial hearing, because of the power to exclude the suspect and his representative from the hearing, and to withhold from the suspect and his lawyer information that is provided to the judge.

We are also concerned about the adequacy of the judicial oversight at such extension hearings, because the judge is empowered to consider only the future course of the investigation and whether it is being conducted diligently and expeditiously by the police, rather than whether there is sufficient evidence to justify the suspect's original arrest and continued detention.

Since the last annual renewal of the 28-day measure, the Grand Chamber of the European Court of Human Rights and now the House of Lords have held that the requirements of a fair hearing under article 5(4) include the requirement that the detained person must be given sufficient information about the allegations against him, to enable him to contest those allegations or to give effective instructions in relation to the allegations to the person representing his interests.

The statutory framework for the extension of pre-charge detention expressly provides for the withholding from the suspect and his lawyer of information that is seen by the judge, and for the exclusion of the suspect and his lawyer from parts of the hearing. There is no provision for special advocates in the closed part of extension hearings, and even if there were, it is now clear that the essence of the case against a detained person must be disclosed to that person to enable them to contest the allegations.

The decisions of the Grand Chamber on the Belmarsh regime, and of the House of Lords on the control orders regime, concerning the minimum that is required for a judicial hearing to be truly judicial in nature, make even clearer the risk of breaches of article 5(4). Unless amendments to the statutory framework are made, renewal of the maximum extended period of 28 days risks leading in practice to breaches of article 5(4).

Our report also notes with interest that our concerns about the compatibility of the pre-charge detention framework with the right to a judicial hearing following arrest are shared by the Eminent Jurists Panel on Terrorism, Counter-Terrorism and Human Rights in its recent report. The panel also comments on the example that this sends to the rest of the world, stating:

> "It is distressing to see how the slackening of procedural safeguards in countries like France, the UK and the USA, has been exploited by other States with less well-entrenched legal systems and human rights safeguards."

My right hon. Friend the Member for Leicester, East (Keith Vaz), the Chair of the Home Affairs Committee, asked about the impact of the measure on communities. Last year, we recommended that the Government seek and make available to Parliament independent advice assessing, in general terms, the likely impact on individuals of being detained without charge for up to 28 days, and—this point has not yet been raised—the actual impact, including the psychological effect, on individuals who have been detained for more than 14 days pre-charge. We should look not only at the collective impact on a community but at the impact on the individual people concerned. Every person has their own individual human rights. Human rights are personal, not collective.

Keith Vaz: My hon. Friend is making a powerful speech. Bearing in mind what the Minister said from the Dispatch Box today—it is still a puzzle to me why it has taken the Government so long to begin the process of assessment—this process should involve consultation with Parliament on how the risk assessment is going to be conducted. It should not be done solely from Whitehall for Whitehall; it should include the process of parliamentary scrutiny.

Mr. Dismore: I thank my right hon. Friend for that good suggestion.

Last year, the Government undertook to conduct a risk assessment on the effect of the 28-day extension on communities. Asked when the community impact review would be complete, Lord West told the other place:

> "We hope to have the initial findings out by the end of the year"—[*Official Report, House of Lords*, 1 July 2008; Vol. 703, c. 203.]—

namely 2008. A year later, neither type of impact assessment—individual or community—has been made available to Parliament.

The Government acknowledge in their reply to our queries their commitment to undertake a review of the impact of all counter-terrorism legislation on our communities, but they now envisage publishing a research report by late November 2009. However, the psychological impact of extended pre-charge detention on individuals will not be included within that review. Such an assessment could already have taken place in the case of those held for more than 14 days and then released without charge. We recommend again that the Government obtain and make available to Parliament such an impact assessment.

The other main new point is about the presumption of innocence. Last year, the Minister conceded that a special paper on the impact of press speculation on the right to a fair trial had not been prepared, but it "might be worth considering". Strasbourg case law is very clear that the presumption of innocence requires Ministers to refrain from pronouncing on a suspect's guilt before a suspect has been convicted. The approach of the Attorney-General, whereby a specific newspaper or broadcaster may have their attention drawn to risks of publication and prejudging a particular case, is very ad hoc and does not address the problem of possible prejudice to fair trials caused by Ministers commenting on cases when suspects have been arrested—even before they have been charged. In our view, the Director of Public Prosecutions should draw up and consult on draft guidance on how to avoid prejudicial comment—by the press or Ministers—following the arrest of terrorism suspects, particularly after they have been charged.

In common with the official Opposition, I do not oppose the order, and I say that simply because we have insufficient evidence to form a view either way. If renewal

[Mr. Dismore]

is sought next year, the Government must produce an evidence-based case with the analysis that my Committee has recommended for several years, especially if the power is not used over the next 12 months, bearing in mind that it has not been used over the last two years. Either way, further safeguards are needed in the light of recent judicial pronouncements—and, indeed, in the light of common law and common sense—so we look forward to hearing the Minister's response to these points.

1.32 pm

Chris Huhne (Eastleigh) (LD): I am always very pleased to follow the hon. Member for Hendon (Mr. Dismore), who made a number of good points. I have to say, however, that as with the speech of the hon. Member for Bury St. Edmunds (Mr. Ruffley), I am slightly confused by the hon. Gentleman's position, as it seems to me that this House has a very long and honourable tradition of giving the Executive powers only when the case for them is clearly made out. What we have heard from the hon. Member for Hendon, based on the deliberations of his Committee, is that the Government have not made out a case for the extension of the period of detention without charge.

We on the Liberal Democrat Benches are unhappy with the further extension of what was clearly introduced as a temporary provision. That is why we will divide the House on this issue later today. There is an old adage that there is nothing so permanent as the temporary, and there are many examples of that in our legislation, but we should not seek to extend that principle to these particular provisions.

My argument today is that 28 day pre-charge detention is no longer a necessary or appropriate length of time to detain a terrorist suspect. The Government have not made their case on that. The Joint Committee on Human Rights released its report last month suggesting, as the hon. Member for Hendon said, that the Government have not made their case, which I believe is because they cannot make such a case.

I am not naive. I recognise that the western world has changed substantially since the 11 September bombings and there is no doubt that the UK faces serious terrorist threats from sophisticated international groups intent on doing us harm. It follows that investigations into these threats will be complex, transnational and will involve difficulties such as dealing with foreign languages and computer encryption. But the methods we use to tackle those threats need to be proportionate and effective, which pre-charge detention, I suggest, is simply not.

Since 2000, the Government have drastically altered our detention periods. We have rapidly progressed from a position of seven days to 28 days of maximum detention. That is to ignore the frankly quite staggering attempts in between to extend detention to 90 days, following the 7/7 bombings, and then last year to extend it yet again to 42 days through the Counter-Terrorism Act 2008. Luckily, the Government were defeated due to almost universal opposition. I believe that the Government seriously lost their case on this matter, particularly if we look at some of people who peeled off and became critics. Despite that defeat, 42 days' detention lurks as a threat on the statute book, not least due to the draft Bill that the then Home Secretary placed in the Library.

This is all part of a pattern from a Government who have an obsession with tough-sounding policies that may appease parts of the electorate but, in reality, have little impact on the problem—or, as we have heard from some hon. Members, run the risk of having a completely counter-productive impact on the problem. It seems to me that attempts to reduce the period of detention are long overdue.

Let us look at the facts surrounding the detention period. Since June 2007, no one has been held in pre-charge detention for longer than 14 days. Over the whole period reported to us, only 11 people who were terrorist suspects have ever been held for longer than 14 days and only six people have ever been held for the full 28 days; half of those, moreover, were eventually released without charge. Half were released without any surveillance or suspicion, which tells me that the innocent have been made to suffer most. This House should surely be exceptionally careful about affecting British law and the rights of the innocent.

Many numbers have been used dispassionately in the debate today, but we must not forget the human implications of what it is like to be imprisoned for close to a month. It is a terrifying and disorientating experience even for someone who is guilty, let alone for a potentially innocent person, and it can have a huge impact on their life, particularly when they do not even know what they have been charged with. How fundamental an assault on the principle that we are innocent until proven guilty is it to be incarcerated for a long period without even knowing what we have been accused of?

Two weeks should be long enough to decide whether someone should be charged with a terrorist offence or not. As my hon. Friend the Member for Chesterfield (Paul Holmes) pointed out, our current 28 days far exceeds the equivalent limits in other comparable common law democracies. Australia has 12 days, the United States two days and Canada allows for one day. The Minister's answer was basically "What about France and Spain?". We deliberately chose our comparison because these are Commonwealth countries whose traditions of law stem from the law that began in this country—namely, traditions of freedom and liberty. Let me reiterate that, as it stands, our current 28 days far exceeds equivalent limits in other comparable common law democracies. We have never traditionally compared ourselves and our tradition of liberty with that of Spain, France and other continental countries, which have a very different tradition. However, it is perfectly legitimate to compare ourselves with other common law countries.

Why do the Government insist that we need to hold people for close to one month when so many other countries manage to charge and convict with pre-charge detention periods of less than a week? Surely the Government are not suggesting that our police and Crown Prosecution Service are slower and less equipped to deal with terror threats. Are the terrorist threats we face more complex than those of our Commonwealth cousins? I think not.

We consider that the arguments previously used in favour of retaining 28 days' pre-charge detention have been particularly weakened as other methods of combating terrorism and bringing charges have been strengthened. The counter-terrorism landscape has changed over the intervening period. The Counter-Terrorism Act 2008

allows for post-charge questioning. The Chilcot report, published in February 2008, has paved the way for the admissibility of intercept evidence. Perhaps if the House were to agree with us today and vote this temporary provision down, the Government might put a little more effort into ensuring that intercept evidence is admissible in court and the security services are better resourced to deal with the modern threat.

According to the Home Affairs Committee report on Contest, released earlier this month,

"the UK's counter-terrorism apparatus is first-class, effective and as 'joined-up' as any system of government can expect."

Surely that makes the point again. Why do we need to do particular violence to our traditions of liberty and of trial, given that the Home Affairs Committee—and I am sure that the Government would support its judgment—says that our counter-terrorism apparatus is first-class?

Ms Dari Taylor: I am just about at explosion point. I am really very sorry to say this to the House, but when the hon. Gentleman tells us that if the Government put in a bit more oomph or the Home Office handled its work load with a bit more urgency so that intercepted material could be used as evidence today, it is obvious that he does not know what he is talking about. Chilcot and the rest of them have been trying for months to work out how intercepted material could be used as evidence without damaging our agencies in any way. If the hon. Gentleman does not know that when he is addressing the House, he should do.

Chris Huhne: I am delighted that the hon. Lady is getting so worked up. I merely remind her that in both Australia and the United States—the United States example is particularly relevant—intercept evidence is already admissible in court. If she spent any time talking to serious investigators of both terrorism and organised crime in the United States, she would find that they think it astonishing that we are not prepared to avail ourselves of a fundamental tool for the bringing of successful prosecutions.

Let me also remind the hon. Lady that the reason it is so important for us to think about the United States is that we have such a close intelligence relationship with it. I suggest that if the United States can use intercept evidence without blowing a hole in the abilities of its security and secret services, we too should be able to do so. As the hon. Lady knows very well, this issue has been dragging on for ages.

David Davis (Haltemprice and Howden) (Con): I apologise for intervening when I have only just come into the Chamber, but an even more relevant example is Australia, where the head of counter-terrorism has stated in terms that those who do not use intercept evidence in court are not being serious about counter-terrorism.

Chris Huhne: I entirely agree with the right hon. Gentleman. I am delighted that he managed to hotfoot it into the Chamber to make that devastating intervention. I note that the hon. Member for Stockton, South (Ms Taylor) is not seeking to respond to it.

As I have said, the arguments previously used in favour of retaining 28 days' pre-charge detention have been substantially weakened, and we ought to take account of that. Moreover, the threshold test is now substantially more flexible. I believe that the real reason the Government failed so conclusively in their attempt to increase the number of days from 28 to 42 was that a whole series of serious people who had been involved in the counter-terrorism effort for many years were unpersuaded.

The Crown Prosecution Service can now bring charges on the basis of reasonable suspicion alone, even when it does not think that the chance of a conviction is greater than 50 per cent. With that flexibility, in 2007 the Crown Prosecution Service enjoyed a 92 per cent. conviction rate in terror cases—I am sorry that the Minister has not been able to give us the most up-to-date figures, but I can give him the most up-to-date figures that are available to me—and in 2008 the conviction rate was 78 per cent. Both those rates are substantially higher than the rates of conviction for other serious crimes.

Mr. Ruffley: Can the hon. Gentleman give us the number of cases lying behind those percentages? Percentages can often deceive.

Chris Huhne: I will happily send the hon. Gentleman a letter, but he knows as well as I do that the number of terror cases is relatively small. The crucial point is this. If we are able to prosecute successfully more than three quarters of those against whom charges are brought, the massive amount of additional flexibility still available to the Crown Prosecution Service enables it to bring charges in other cases if it so desires, and if it considers such action important to the defence of national security. It is that additional flexibility that I believe to be so crucial. It may be said that that, too, could be onerous in terms of civil liberties, but I think it far better for people at least to know with what they are charged than to be in a Kafkaesque position, floundering around unable to meet accusations against them, with the possibility of being detained for long periods without even knowing what they are suspected of doing. In my opinion, all those developments create a compelling case for a reduction in the maximum length of pre-charge detention.

Mr. Winnick: I fear that I shall not be joining the hon. Gentleman in the Lobby. Although I understand all the reasons he has given, I shall support the Government. One of my reasons is that the witnesses who gave evidence against 42 days' detention to the Home Affairs Committee—I felt that the Committee had reached the wrong conclusion, and as usual I made my views clear; I believe that I was in a minority of one—did not seem to want a reduction in the 28-day period at this stage. When the former chief of M15 opposed the 42-day period in her maiden speech in the House of Lords—again, we all make up our own minds; fortunately, the Lords rejected that—she did not seem to suggest that a reduction in the 28-day period was necessary at this stage, given the acute terrorist danger that Britain faces.

Chris Huhne: The hon. Gentleman has made a good point. The difficulty is that what we were discussing at the time was a proposal for a further extension from 28 days to 42. The clear and pressing need was to defeat that proposal, as it constituted another serious attack on civil liberties. When we consider the use of these powers since the 7/7 bombings, however, and when we consider the changes that I described earlier, we see a compelling case for returning to the arrangement for which the Act originally provided, rather than applying the extension of the period without charge.

David Davis: I gather than the hon. Gentleman is arguing for 14 days. As he will recall, when we debated the 42-day detention period, we discussed the Heathrow plot in excruciating detail, and we found that in one serious case someone had been detained for between 14 and 21 days. I think that the hon. Gentleman's argument would be more compelling if he were supporting 21 days rather than 14 at this stage.

Chris Huhne: I am glad that the right hon. Gentleman has raised the subject of the Heathrow plot. He is absolutely right. The reason we were prepared to vote with the official Opposition on the extension to 28 days was the evidence surrounding the investigations of that plot. If the right hon. Gentleman had arrived in the Chamber a little earlier, however, he would have heard me enumerate a number of changes—in particular, the flexibility applying to the threshold test—which provide a substantially greater toolkit for the authorities dealing with terrorism than was available to them at that time. As the great liberal John Maynard Keynes once said:

"When the facts change, I change my mind."

David Davis: He went on to ask:

"What do you do, sir?"

Chris Huhne: Indeed. As I hope the House recognises, the circumstances have changed.

I know that the Government are sinking in the opinion polls, but that does not mean that they should cling to ill-thought-out laws that they rushed through in moments of panic and fear while attempting to reassure the public that action was being taken. The end-result has been that this Government have tumbled into a counter-terrorism strategy rather like Alice falling down the rabbit hole, in that there is no exit strategy and the Government can tell us nothing about when they intend to end these apparently temporary powers. Yet, as we know from having heard from Members with experience of counter-terrorism in Northern Ireland, there are considerable dangers in a Government acting disproportionately and abandoning the moral high ground. We must not abandon the moral high ground, we must not retreat, and above all, we must not become the sort of threat that we are attempting to fight.

1.50 pm

Keith Vaz (Leicester, East) (Lab): This was a very quiet and sombre debate until the hon. Member for Eastleigh (Chris Huhne) spoke and livened matters up considerably. There was a very passionate intervention by my hon. Friend the Member for Stockton, South (Ms Taylor), and the right hon. Member for Haltemprice and Howden (David Davis) galloped into the Chamber to make his intervention.

I find myself in precisely the same position as the official Opposition—that of putting the Government on notice. We have debated this matter at length, and it is important that the House has a proper, full debate on the issues involved, because they concern the liberty of the subject. We should therefore take time to consider the matter rather than rush in and agree a renewal. I shall therefore be in the Division Lobby with the Government—and presumably with the official Opposition—in support of the measure that the Minister has brought before the House today.

The hon. Member for Bury St. Edmunds (Mr. Ruffley) summed up my feeling extremely well when he said that we accept the Government's case as put forward by the Minister, but that the next time this matter comes before the House we will expect the Government to put a stronger and more effective case. That is not a criticism of my right hon. Friend the Minister's speech; I say it because we can no longer just accept in good faith statements made on issues of this kind.

My hon. Friend the Member for Walsall, North (Mr. Winnick) has just left the Chamber, but I wish to pay tribute to him for the work he has done in this area. The fact that we have 28 days is, by and large, due to the fact that he came up with this compromise when the Government had originally suggested an extension to 90 days. That is why he and other Members also support the Government measure to renew, I think.

The Minister was not the responsible Minister when this matter came before the House at the time of the debate on 42 days, but he will recall that the concern we all had was that there was a need to give the Government these powers only if the Government were in a position to use the powers. Reference has been made to the Home Affairs Committee report on extension to 42 days. Hon. Members—especially my hon. Friend the Member for Walsall, North—said that we came to a conclusion that would mean the period would be extended. That is right, but it is important to put it on record that although we accepted that there ought to be an extension, there were a number of conditions that we felt it was important the Government should meet before that 42-day period was triggered. We did not say that it should just go ahead willy-nilly, but I should have realised that a combination of my hon. Friend, Baroness Manningham-Buller and Shami Chakrabarti would eventually see this measure defeated.

In checking on the constituencies of hon. Members, I was reading the "Dod's Parliamentary Companion" report on proceedings before the House in the 177th year of Dod's. It contains an account of the last debate we had to try to raise the period from 28 to 42 days, in which it said the Government

"scraped through by nine votes. Few could really understand why so much political capital had been expended on a 14-day extension of detention which, by the time concessions had been made, looked unlikely ever to be deployable anyway. The provision seems highly likely to be amended in the Lords, where it has already been condemned by a former Lord Chancellor, a former Attorney General and a former Director of MI5, in addition to the opposition. Then there will be the 'ping pong' between the Houses, and the risk of defeat yet again."

There was no ping-pong of course, as the Government accepted the decision of the other place and as a result the 42-day proposal was defeated.

My hon. Friend the Member for Hendon (Mr. Dismore) made an eloquent speech that rightly drew attention to the eighth report by his Joint Committee on Human Rights. He pointed out the Committee's concerns, which I do not think the Minister addressed so I hope he will do so when he comes to reply. Is the Whip—my hon. Friend the Member for Leeds, East (Mr. Mudie)—nodding and trying to encourage me to get on with my speech? I assure him that there is plenty of time left in the debate, with no more speakers other than the Front-Bench spokesmen, so if he will allow me to develop my arguments, I will be extraordinarily grateful.

When the Minister replies, I hope he will deal with points made by my hon. Friend the Member for Hendon. When his Committee considered the matter, it did not see that there was a case for an extension certainly beyond 28 days, or even for keeping it at 28 days. His speech was an "on notice" speech, therefore. Along with the hon. Member for Bury St. Edmunds, myself and other Members, he is putting the Government on notice that we would not be prepared to go along with this proposal on a future occasion unless additional information were placed before the House.

Chris Huhne: We have had a number of commitments from Members over the years on issues to do with this matter—I am thinking of control orders in particular. Members have stood up and made a very similar speech to that which the right hon. Gentleman is making, in which they have said, "I'm putting the Government on notice. Next year, we're not going to do this," but that has not then transpired. Is the right hon. Gentleman making a firm commitment that if this Government—or perhaps another Government—come forward with this proposal again next year, he will vote against it?

Keith Vaz: I think it is better to give a firm commitment than to be accused of being St. Augustine, which is one of the favourite descriptions of hon. Members in certain other circumstances. Of course we simply cannot go on renewing this order unless we have something more from the Government than, "It is a very complicated process; there are a lot of computer disks to examine; it does take a lot of time to look at these situations," especially as the head of counter-terrorism, Assistant Commissioner Yates, is already worrying about the possible reduction in his budget that the Government are proposing or agreeing to. So yes, we have to put the Government on notice. We have to ensure that the point of scrutinising the Government in both the Select Committee on Home Affairs and the Joint Committee on Human Rights is to hold them to account. They have had us on good faith, but it is time we said to them that there is a point when good faith runs out. Therefore, next time we will expect the Minister to come up with firm evidence in order to convince us that the Government have the right approach.

I am sorry to delay the Whip in his whipping arrangements, but may I raise one further point: the impact on communities? I raised this with the hon. Member for Bury St. Edmunds and my hon. Friend the Member for Hendon. It really is not good enough for the Government to come before the House every year and say, "Yes, we will have an impact assessment. Yes, we will begin consultations with communities," and then not to do it. I am always prepared to be convinced by the Minister's boyish charm. When he appeared before the Select Committee, he told us exactly how many hours he had been in the job, and today he has told us how many weeks and days he has been in the job, so he is obviously counting very carefully indeed. I do not expect him to say today that this is due to start shortly and that by the time we discuss it next year the impact assessment will be ready. I want to know who is conducting the impact assessment, how many people are sitting on the panel, what budget will be available, and which cities will be visited. I want detail when he comes to reply, or else I shall go back to the Library and table a whole series of parliamentary questions—I will not bother to wait for a letter as that will take too long. Is he giving me his boyish, charming smile? I will expect that kind of detail when he responds.

Ms Dari Taylor: Would it not be appropriate for this risk assessment process to include parliamentarians?

Keith Vaz: Absolutely. The Minister should take a leaf out of the book of the Minister for Borders and Immigration—I am talking about what happened when the Government were defeated on the Gurkha issue—and remember the importance of consulting Parliament. I am sure that the Home Affairs Committee, some of whose distinguished members are in the Chamber today, would want to be consulted, as would the Joint Committee on Human Rights. The Minister should let us know precisely what is planned, because we have heard some wonderful statements from the Government about community cohesion—the Prime Minister has announced additional money and the Secretary of State for Communities and Local Government has talked about communities working together—but we need to see detailed plans before we can support them on a future occasion.

My final points relate to intercept evidence. Again, I am sorry to disappoint the Whip, but this debate lasts only an hour and half. I do not know whether anybody has been arrested or detained in Leeds, but this issue affects the whole country and the liberty of the citizen, so I should be grateful if he allowed me, without hurrying me along, to finish this small contribution. I say to the hon. Member for Eastleigh (Chris Huhne) that my Committee's report recommended that intercept evidence should be used, because we felt that that was the right approach to take. I take the point made by my hon. Friend the Member for Stockton, South that this has to be done carefully, but it should not be done so carefully that we never get it implemented. At the time, the Prime Minister made a statement to the House in which he said he was in favour of this.

So let us adopt these sensible proposals and try to make progress on this matter. Let us all put the Government on notice that next time we will not nod this through; we will be much more critical if the Minister does not come up with the goods.

2.1 pm

Mr. Hanson: I have to tell my right hon. Friend the Member for Leicester, East (Keith Vaz) that I was 52 years old on Sunday, so I gratefully accept his compliment about boyish charm.

I note that the tone of the debate has been one of putting the Government on notice. The Opposition, my hon. Friend the Member for Hendon (Mr. Dismore) and my right hon. Friend the Member for Leicester, East have all taken that approach, and I hear it in the spirit in which it was given. The hon. Member for Eastleigh (Chris Huhne) is trying to test the House today, and that is a perfectly legitimate position to take. I suspect, given the soundings that we have taken in this debate, that I know what the result will be, but we will shortly see what happens.

I wish to make my remarks reasonably speedily. Again, the key thing for me is protecting the British public. We talked earlier about the 11 people who have been held

[Mr. David Hanson]

for more than 14 days' pre-charge detention, six of whom have been held for the maximum 27 to 28 days. As I mentioned, three have been charged and three have been released without charge. I can inform the House that two are facing trial very shortly on serious charges, and one was convicted and sentenced to life imprisonment last December. That conviction and sentence may not have happened—the information may not have been brought forward—without the 14 to 28 days' maximum provision being put in place. That is what I believe this is all about.

I accept again—this has been debated today—that there have not been any incidences in the past two years. This is a temporary power and the measure provides for it to carry on for one further year, if the House supports it today. I hope that we will examine the situation in relation to potential and actual terrorist activities in the next 12 months and, if need be, make the case that I have made today that there are difficult issues that may need further assessment during that 14 to 28-day period.

I wish to touch briefly on a couple of the points that have been made. The issue of intercept evidence was mentioned by the hon. Member for Bury St. Edmunds (Mr. Ruffley), my right hon. Friend the Member for Leicester, East and my hon. Friend the Member for Hendon. As the House will know, the Government remain committed to using the best evidence available to enhance the ability to bring prosecutions. The Privy Council review has taken place under Sir John Chilcot. We will be considering that and I hope that we will make announcements on these issues shortly. A copy of the progress report of the advisory group has been placed in the House Libraries so that Members can look at these serious issues that need to be resolved.

My hon. Friend the Member for Hendon was concerned about judicial oversight, which was mentioned by his Committee. We have always maintained that judicial authority should be in place to determine the application for extended detention and to ensure that, as is the case in Northern Ireland, the original legality of the arrest is examined when it is questioned by the detainee. He will know of the recent case involving Duffy and others in Northern Ireland, which followed the tragic murders earlier this year, in which those issues were addressed as part of the consideration.

Mr. Dismore: My right hon. Friend rightly says that this has always been the Government's argument and that we have always questioned it. Since last year we have had the decision of the Grand Chamber of the European Court of Human Rights in the Belmarsh cases and the decision of the House of Lords in the control order cases, both of which speak to this very point about what proper judicial scrutiny means in such cases. Both those decisions point to our current arrangements being inadequate.

Mr. Hanson: The recent House of Lords judgment was mentioned by a number of hon. Members, including not only my hon. Friend but my right hon. Friend the Member for Leicester, East and the hon. Member for Bury St. Edmunds. We are at the moment considering the impact of the judgments in the case of AF and others. We do not accept that there is an automatic read-across to all proceedings involving closed material, but we are examining the issue and, again, I very much hope that we will be able to respond shortly. We have already written to the High Court to explain that we will be responding to the judgment shortly.

Chris Huhne: This is a quick question. Will the Minister set a deadline for the consideration of the admissibility of intercept evidence, bearing in mind the precept that work always expands to fill the time available?

Mr. Hanson: I have given a clear commitment, not only today but in Home Office questions on Monday, that we will respond to this judgment shortly. We are examining the issue in detail and we have written to the High Court to explain that we are examining it. As ever, I have given a commitment to report back to the House.

I believe that the hon. Gentleman used the word "Kafkaesque" when he said that people could be charged without knowing what they were being charged with. I wish to make it clear to the House that that is not the case; suspects are told why they are being detained and what allegations are being investigated, and as much detail is given as is possible within the constraints of an ongoing, fast-moving criminal investigation.

The Government have made the case for this measure, which seeks to provide for a one-year extension, although I appreciate that there is some scepticism.

Keith Vaz: At the risk of incurring the wrath of my hon. Friend the Member for Leeds, East, may I ask whether the Minister will deal with impact assessments and risk assessments?

Mr. Hanson *indicated assent.*

Keith Vaz: It seems that the Minister is coming to that—excellent.

Mr. Hanson: My right hon. Friend anticipates my peroration on these matters—I hope it will be made with boyish charm.

From my perspective, there are some key issues here. We have made the case for this measure. I accept that there is a need to examine risk assessment issues—we will examine those—and how we provide confidence in the community.

Chris Huhne *rose—*

Mr. Hanson: I will give way in a moment, but I am trying to answer the questions my right hon. Friend asked about the assessment that we are making of the impact on the community. They are being discussed in government this very week, and I have examined them. I hope I shall shortly be in a position to make some announcements on those issues. I cannot make such announcements today, but I will do so shortly and I hope that that will satisfy my hon. Friend the Member for Hendon and his Committee, and my right hon. Friend the Member for Leicester, East and his Committee.

Mr. Dismore: Again, my right hon. Friend has referred to assessments of the impact on communities, and I welcome that. However, he has not mentioned the impact on individuals—that is a point that my Committee made this year and last year. Will he confirm whether an assessment will be made of the impact on individuals?

Will he also answer the point about ensuring that trials are not prejudiced by statements made in the media or by Ministers?

Mr. Hanson: Again, it is a self-evident truth that trials should not be prejudiced by statements to the media. I very much hope that everyone involved in these issues will examine them. It is important that, as part of the detention procedure, people do not have their trials compromised by statements made outside the situation.

Chris Huhne *rose—*

Mr. Hanson: I would like to finish the point that I am trying to make in response to my hon. Friend the Member for Hendon. He has mentioned assessments of the impact on individuals and on communities. This week, I have looked at those issues in government, and I shall be making statements on them shortly. I cannot do that today, but I hope that my hon. Friend and my right hon. Friend the Member for Leicester, East will accept that these matters are before us.

Chris Huhne: Before the Minister gets to his peroration, I hope that he will deal with the point about the flexibility of the threshold test, especially as he has experience not only of the Home Office but of the Ministry of Justice. He is therefore in a very good position to tell the House how much extra flexibility is now available to prosecutors to bring charges so that these provisions are unnecessary. Will he deal with that issue, because he has not mentioned it?

Mr. Hanson: The House may recall that this point was mentioned during my initial contribution. We have made a judgment that the extension from 14 to 28 days is needed because of the threats to our communities from individuals who try to damage them. We are trying to balance the liberties of individuals with the liberty of society as a whole, and I commend the order to the House.

Question put.

The House divided: Ayes 239, Noes 59.

Division No. 196] **[2.10 pm**

AYES

Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Colley, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, rh Caroline
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harris, Mr. Tom
Healey, rh John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ilsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malleber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Merron, Gillian
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie

Reid, rh John
Robertson, John
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Usher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Watts, Lynda
Ward, Claire
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mark Tami and Mary Creagh

NOES

Alexander, Danny
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Corbyn, Jeremy
Davey, Mr. Edward
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Holmes, Paul
Horwood, Martin
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Jones, Lynne
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Lloyd, Mr. Elfyn
Mackinlay, Andrew
Mason, John
McDonnell, John
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Pugh, Dr. John
Rennie, Willie
Rogerson, Dan
Rowen, Paul
Russell, Bob
Simpson, Alan
Smith, Sir Robert
Stunell, Andrew
Swinson, Jo
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Webb, Steve
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wishart, Pete
Younger-Ross, Richard

Tellers for the Noes:
Mr. Adrian Sanders and Mr. Alan Reid

Question accordingly agreed to.

Resolved,

That the draft Terrorism Act 2006 (Disapplication of Section 25) Order 2009, which was laid before this House on 18 May, be approved.

Council Tax

2.22 pm

The Minister for Regional Economic Development and Co-ordination (Ms Rosie Winterton): I beg to move,

That the draft Council Tax Limitation (Maximum Amounts) (England) Order 2009, which was laid before this House on 10 June, be approved.

The draft order that I present for the approval of the House was laid under section 52F(7) of the Local Government Finance Act 1992, which was inserted by the Local Government Act 1999. In my view, the provisions of the order are compatible with the European convention on human rights.

The draft order sets out the maximum 2009-10 budget requirement for Surrey police authority, which means that we are proposing to cap the authority in-year. Subject to the House's approval, I will make the order and issue a notice to Surrey police authority informing it of its maximum budget requirement for the year. The authority will then be required to recalculate its budget requirement at or below the level of its cap. It will also have to arrange for the relevant billing authorities to send out revised council tax bills for the current year.

Sir Paul Beresford (Mole Valley) (Con): The order is based on the notional budget, and the notional council tax as a result of the notional budget. Will the right hon. Lady explain, given the huge difference between the actual and the notional, how the notional figure was arrived at, and why, if the police authority—rather than the police force—received notification that the Government were using the notional rather than the actual and set the actual within hours of the notional, the Government did not return to accept the actual in their calculation?

Ms Winterton: The introduction of a notional budget, which is a change from the previous rather inflexible system, means that the Government, rather than using a straight, crude capping system, have been able to allow a budget to be set, which is what happened with Surrey last year. It was made quite clear to the authority that in calculating this year's budget the Government would agree to it on the assumption of the budget that would have been set if the Government had not made an exception for Surrey last year. Today, we are taking this action because last year we allowed Surrey to have a notional budget, but it was always clear that when we considered what would be allowed this year we would return to that figure.

Sir Paul Beresford: I follow that. The difficulty with that argument is that it would be more sensible to use the actual budget, which Surrey used in its calculation, in spite of the notional from the previous year.

Ms Winterton: The hon. Gentleman's assumption—those on his Front Bench might think that this is the way to operate, although I am not sure—would effectively mean that authorities that had set a notional budget, therefore allowing them a higher budget, would be able to continue to do that year on year, which would not be fair on other authorities. The alternative would be to return to the crude capping system that applied under the previous Administration. I shall return to some of the background issues later in my speech.

During the debate on the provisional local government finance settlement on 26 November 2008, my predecessor as Minister for Local Government, my right hon. Friend the Member for Wentworth (John Healey), said that we expected to see an average council tax increase in 2009-10 substantially below 5 per cent. He also made it clear that the Government were prepared to act against excessive increases made by any authority, including requiring them to rebill if necessary.

Three-quarters of authorities set increases below 4 per cent., almost 40 per cent. set increases below 3 per cent. and a further 23 authorities either set no increase or are reducing their bills. However, two authorities did set excessive increases this year. On 26 March, my predecessor announced to the House that the Government were "designating" Surrey and Derbyshire police authorities. He proposed maximum budget requirements for the two authorities at levels that would bring them within the capping principles that were determined by the Secretary of State for 2009-10.

In his written statement to the House on 13 May, my predecessor said that both designated authorities had challenged their proposed maximum budget requirements. He and the former Minister responsible for policing, my hon. Friend the Member for Gedling (Mr. Coaker), met both police authorities to hear their cases in person. Having carefully considered the representations made by the authorities, and having taken into account all relevant information, the Government decided to take the following action: to cancel the designation of Derbyshire police authority and to nominate it instead, with a notional budget requirement for 2009-10 that will be used in any future capping comparisons; and to proceed with the designation of Surrey police authority with a maximum budget requirement at the level proposed on 26 March—£197,206,000. The draft order therefore covers Surrey police authority only. We believe that the proposed action in the draft order, and the separate action that we are taking in respect of Derbyshire, represent a measured and proportionate response to those authorities' excessive increases.

Robert Neill (Bromley and Chislehurst) (Con): I am very grateful to the Minister for giving way. She just said that she regarded the action in respect of Surrey as measured and proportionate, but what evidence base was used to draw a distinction between the Derbyshire case and the Surrey case?

Ms Winterton: I shall come to the difference between the two but, briefly, Surrey was given a notional budget last year yet still introduced an excessive increase this year. Ministers listened to the representations that were made and then came to their decision. As I said, even though Surrey moved to notional budget last year, it still imposed an excessive increase.

Sir Paul Beresford: When assessing the pros and cons of the decision, was it taken into account that saving £1.6 million would cost £1.2 million in rebilling? In my constituency, that works out to a cost per head of £4.65, but council tax payers below band F will not make any saving above that.

Ms Winterton: We will find out Surrey's actual costs in due course. Last year, Lincolnshire police authority estimated rebilling costs at £1 million, but the actual cost was £380,000. It is true that rebilling has to be done, but that is an inevitable consequence of setting an excessive increase and being capped in-year. All authorities know that, and that the best way of avoiding rebilling is not to set an excessive increase in the first place.

Of the 15 authorities that had previously been set notional budget requirements, Surrey is the first to have set an excessive increase in the subsequent year. As I have said, it is also true that the capping powers introduced by this Government are more flexible than they were previously. Under the regime that operated before, we would have had to designate Surrey police authority last year: instead, we were able to nominate it. That is an important difference.

Even after capping, Surrey police authority will get a 2.5 per cent. grant increase from the Government. It will get a total of £5.7 million extra compared to last year, and it is also being allowed to set a band D council tax increase of 3.2 per cent. That is higher than the average increase in England of 3 per cent.

Robert Neill: I am very grateful to the Minister for giving way again and, as always, she is being most generous. My hon. Friend the Member for Mole Valley (Sir Paul Beresford) mentioned the cost of rebilling, and the Minister referred in part to that. Was any attempt made to consult and find out the rebilling cost before a decision was taken? How can she assert that the action was proportionate if Ministers did not know what the cost of rebilling would be, compared with what might be recovered?

Ms Winterton: As I have said, any authority that is going to set an excessive increase knows that it will have to carry out in-year rebilling. It is that authority's responsibility to take that into account when it decides to set a higher increase than anywhere else. The hon. Gentleman may feel it is right for the council tax payers of Surrey to pay an extra £1.6 million. Presumably that is his proposition. However, we believe that there is a duty on the Government to curb excessive council tax increases, particularly in difficult economic times.

We recognise the inflexibility of the system introduced by the hon. Gentleman's Administration. We adjusted the system, and for a number of years there was no capping whatever, but we have to take a balanced view. We are trying to get the balance right, to ensure that council tax payers are protected from excessive increases, particularly during these difficult times. It is not a bolt from the blue. No authority can think, "Oh goodness me, we didn't think about the rebilling costs." Authorities know about the costs when they set the increase, so it is their responsibility. However, as I said, although last year Lincolnshire police authority said that rebilling would cost about £1 million, the actual figure came out at £380,000. I am sure the hon. Gentleman will agree that it is important that we see the actual costs. My right hon. and hon. Friends met the authorities and listened to their representations, but if there is the flexibility for a notional budget one year and they still set excessive increases it is important that the Government take action.

Robert Neill: I hope not to trespass too much on the Minister's time, but will she deal with this simple point for me? Given that she says we must look to the actual figures—she quotes the Lincolnshire example—is it not

[Robert Neill]

all the more important to make at least some inquiry into what Surrey's billing costs will be? Unless the Government know the actual costs, how can they decide whether the action is proportionate and in the overall interests of council tax payers? Perhaps there is a gap in the system that should be looked into.

Ms Winterton: Perhaps the hon. Gentleman's policy will be that whatever figure is given will be taken into account in any future response. Of course, Surrey produced an estimate when challenging the cap we proposed, and that was taken into account. I merely point out that sometimes—as in Lincolnshire last year—there can be a slight difference between the estimated costs given at the time of the challenge to the cap and the costs that actually arise.

Sir Paul Beresford: I will mention it to the right hon. Lady if I receive any letters from band D council tax payers, particularly those who pay by 10 monthly instalments, thanking us and the Government for the reduction, which will be about 32p a month.

Ms Winterton: I am sure the hon. Gentleman will pass on any representations he receives.

As I have said, we think the response to the different authorities is proportionate. In this instance, Derbyshire has been treated the same as Surrey was last year.

It is worth remembering that two years ago—in 2007-08—the authority's council tax precept stood at £171.27. It set an excessive 9.7 per cent. increase last year, and was designated for capping and in-year rebilling, but, as with Derbyshire this year, the designation was cancelled and instead the authority was nominated and set a notional budget requirement. In other words, the authority was allowed to keep its excessive increase in full in 2008-09, and it avoided any rebilling costs for the last financial year.

However, this year, the authority set a precept of £197.10, which is 15.1 per cent. higher than its 2007-08 precept. By contrast, the average council tax increase for England over those two years was 7 per cent. As I have said, even with in-year capping, Surrey is left with an actual precept increase of 3.2 per cent., and £5.7 million is going into policing there this year.

Out of 421 authorities, including 37 police authorities, Surrey is the only one that has set an excessive increase for two years in succession. The current economic climate makes it even more important that local authorities keep council tax under control. This Government increased Government grant for local services by 39 per cent. in real terms in the first 10 years after we took office. The 2007 comprehensive spending review provided a further £8.9 billion up to 2010-11. I urge hon. Members to support the order, because I believe that it is the right way to strike the balance, and to ensure that while authorities have extra money, excessive council tax payments do not fall on council tax payers.

2.41 pm

Robert Neill (Bromley and Chislehurst) (Con): I am sure that all hon. Members will want to thank the Minister for Regional Economic Development and Co-ordination for introducing the measure with her customary charm and courtesy, but I am sorry to say that her having done so does not alter the fact that the case is not terribly good. However nicely the case is put, council tax on band D properties has more than doubled in the Government's time in office, so it is a bit rich for the Government to lecture anyone, including a police authority, on increases in expenditure, particularly as the Audit Commission has given Surrey police authority the highest rating for value for money.

My party introduced capping, and I accept that, but the world has rather moved on since. As time has gone by, it has become more and more apparent that the current system of capping is past its sell-by date, as I told the right hon. Lady's predecessor a year ago when we debated the matter. The Surrey case very much demonstrates that. The right hon. Lady made a good deal of the proportionate nature of the response, but with respect, I point out that the evidence suggests that the response is not genuinely proportionate.

There was a Westminster Hall debate on 11 June, I think, dealing with the subject. Neither the right hon. Lady nor I was able to be present, but I know that we both read the transcript. Ten out of the 11 Surrey Members of Parliament attended; the other sent his views via one of his colleagues. The hon. Member for Chesterfield (Paul Holmes) was there, too. It was a lively debate, and every one of those Surrey Members of Parliament expressed the same view: the response was not proportionate. The figure quoted clearly then—it has never been contradicted by any Government source—was that about £1.2 million would be expended to recover £1.6 million, so all in all, the Government may get back about £400 million. That is not a proportionate response, given the background.

Dan Rogerson (North Cornwall) (LD): It is £400,000.

Robert Neill: The hon. Gentleman is quite right; I am very grateful. The sum is so small that one could almost forget about it, in the overall scheme of things. It was also pointed out that although the Government are posing as a defender of the council tax payer, there is a certain irony, because there is not evidence of a level playing field. Under this Government, in the first eight years of the Metropolitan Police Authority's existence, its precept was allowed nearly to quadruple, without any intervention from the Government by way of a threat of capping. It is interesting that no action was taken. Whether that had anything to do with the political complexion of the Mayor who then ran the police authority is difficult to say, but the opaque nature of the way in which the system works sometimes causes people to question whether decisions are taken on an entirely objective basis.

The treatment of the two police authorities is interesting. One wonders whether the treatment was entirely due to what I have just mentioned, or whether the Labour party hoped that Derbyshire was a county council it might just have hung on to in an election that was about to come up as the orders were being laid. The ruse did not work, of course, and I suspect that Labour will not have to worry about any shire counties being under its control for some considerable time.

That does not alter the overall picture. As hon. Members from Surrey explained very well in the debate, the situation is a consequence not of profligacy on the part

of the Surrey police authority, but of unfair funding that seems to leave Surrey police—a force that faces considerable policing challenges, which were well set out in the debate by the Members representing the county—one of the worst-funded police forces in respect of the pressures that it faces. I know that my hon. Friend the Member for Mole Valley (Sir Paul Beresford) will speak in the debate, so I leave him to develop that point in more detail.

Against that background, despite the Minister's valiant attempt to present the order in her usual reasonable way, there is a bit of cheek in the Government capping Surrey and claiming to put right a problem of their own creation, because of the way in which the capping regime has become too blunt as time has gone on, and the lack of transparency in the funding formula.

If there is an issue about the people of Surrey's priorities in relation to the policing budgets, and about what they think is the appropriate level to expend given the pressure of policing demands on the county, the right way is to let them decide. Rather than a decision being taken on high, with the right hon. Lady or any of her successors arriving in some vice-regal capacity to rescue them, it would be much better to let the people of Surrey have a vote and decide whether the proposed precept rise is excessive.

That would be a genuinely democratic result in which people could all have faith. It would save us all having to go through the annual ritual of the debate about what is notional and what is actual—I shall not go down that route—and it would save having to go through the annual ritual of householders being somewhat bemused when they open the rebilled bills for comparatively small amounts.

There was a time when capping had to be used to constrain large increases in council tax bills that went well beyond the norm. We are getting to the stage where a comparatively small excess on the part of an authority which, on the face of it, has a history of not having received its fair share of the available pot, is being dealt with in a manifestly disproportionate way. With respect, clodhopping might be a more accurate description of how the matter is being dealt with.

As on previous occasions, we do not intend to divide the House, but we want to register the fact that the situation is probably an indication that the system is approaching its sell-by date, and that next year others may have to put in place a different system to make sure that the issues are decided by voters, not in a debate that would seem somewhat unreal to people in the county of Surrey.

2.48 pm

Dan Rogerson (North Cornwall) (LD): I agree with much of the speech made by the hon. Member for Bromley and Chislehurst (Robert Neill), as is often the case because he speaks very reasonably on such issues. He teased the Government a little, but it is time that his party was teased as well on the topic of capping. Let us be honest. The measure was introduced by the Government whom he supported. He proposes a referendum when an above-prediction increase is proposed in an area. That is an interesting concept and I generally approve of such a method, but we have discussed the cost of a rebilling exercise, and the cost of running a referendum might be rather high as well.

Last year my hon. Friend the Member for Montgomeryshire (Lembit Öpik) spoke in the equivalent debate, making many of the same points as the hon. Member for Bromley and Chislehurst has just made and with which I concur. If a police authority, in this case, or a local authority has been put in place to represent a community, it is best placed to set priorities and to engage with and consult its community, as I know has happened in this case, to ensure that there is support for the proposed funding level. I am surprised that there are not more Surrey Members here to debate the issue, but the hon. Member for Mole Valley (Sir Paul Beresford) is in his place and has already made a significant contribution.

Sir Paul Beresford: If the hon. Gentleman looked at the debate that took place in Westminster Hall, he would find that 10 out of the 11 Surrey Members were present. We made it quite clear where we stood, and the Government just turned a deaf ear.

Dan Rogerson: I certainly appreciate that the hon. Gentleman has taken the trouble to attend and contribute to this debate.

I have contacted locally elected representatives in Surrey about the issues that are being debated locally. Their view is that, at all the local liaison forums and meetings throughout the area, people have made it absolutely clear that they are behind the police authority in protecting front-line policing. As the hon. Member for Bromley and Chislehurst said, the authority has taken steps to be as efficient as it can, as the Audit Commission has noted. The authority has some of the lowest costs and grants per head of the population. It has already looked to cut office staff, and it has made senior officers redundant, so it has done what it feels it can to be as efficient as possible.

The police authority has reached the stage where it is considering front-line policing, and local people are understandably concerned. They have taken the trouble to engage with the issue, and they have indicated their support for the authority's decision to level a rate that is slightly higher than that which the Government feel appropriate—hence, we find ourselves where we are today.

Unfortunately, I have not had the opportunity to check the following statistic, and I am sure that the Minister will correct me if I am wrong, but one locally elected representative told me that the grant per head of population in Surrey is lower now than it was 10 years ago. That conclusion is arrived at after taking account not of inflation, but of the basic funding. It highlights the pressures on the police authority, and it shows that, by increasing the precept to that level, the authority had to take action that it did not want to take.

The views of the public are on the record, and I am sure that local newspapers and media will have followed the debate and reported it widely. The former Member for Guildford, Sue Doughty, has run a petition on the issue, and local authority members in the district, borough and county tiers to whom I have spoken feel that the police authority has made every effort to be as efficient as possible. There is no option now but to try to raise the money locally in order to protect what is an important, front-line policing service on which Surrey communities rely.

[Dan Rogerson]

A number of issues have been raised in Westminster Hall and in another place noble Lords and baronesses questioned the Government on the topic and raised issues about the county's proximity to London and its effect on policing issues, and the county's transport issues. I shall not revisit all those questions, but I should say that my party clearly opposes capping and does not think it necessary. The principle should be that locally accountable people are in place to take decisions on behalf of their communities. Had the authorities completely ignored the will of the local community, gone against it and not taken steps to ensure its support, as they might have done in times gone by, the Government might have had slightly more of an argument for their actions today. However, it is clear that the people of Surrey are willing to pay the increase to protect the front-line services that they need in their communities.

The point that the hon. Member for Mole Valley made about the pittance that will be saved from most people's council tax bills shows the arbitrariness of such action. It has been taken not in a measured way by looking at the details of the case, but in order to hold the line and send out a signal to other authorities.

I am disappointed that the hon. Member for Bromley and Chislehurst feels that his colleagues will not be able to oppose this measure; I suspect that they have aspirations for where they might be in a year or so, and they may be concerned about setting precedents. That, however, is for the future, and we will see what the electorate make of that possibility.

If the debate on localism, to which all parties have been contributing, is to have any meaning, it is crucial that we allow locally accountable bodies to speak up for their communities, deliver services and levy taxes that those communities have demonstrated they are prepared to pay. I shall listen to the rest of the debate, but I am minded to divide the House on this motion.

2.55 pm

Sir Paul Beresford (Mole Valley) (Con): The Minister should understand from my record that I am in favour of tight budgets, value for money and efficiency—and proportionality as well. The most interesting thing for me about this debate is that I expected to support enthusiastically my hon. Friend the Member for Bromley and Chislehurst (Robert Neill); unusually, however, I find myself supporting many of the points made by the hon. Member for North Cornwall (Dan Rogerson), although not necessarily the theory behind them. The hon. Gentleman has certainly done a little homework—presumably, it was for the Westminster Hall debate—on the background to the situation of Surrey police.

Surrey police force and Surrey police authority are very efficient, and have had plaudits from organisations such as the Audit Commission that have looked at them. The police force receives the lowest grant per head of population of any police force. It is rather galling to hear from Ministers about increases and how much money has been put into police forces nationally and then to look at the reality for Surrey. The grant for Surrey police has decreased in real terms. In 1997, it received £96 per head of population; now, 12 years later, it receives £93 per head. *[Interruption.]* I am sorry that the Minister is not listening; perhaps she will read what I am saying later. The real-terms reduction in grant is 39 per cent.—a considerable clobbering for Surrey police.

This saga's big complication, which has only just been touched on, is that the Government have made their calculations on a notional budget and hence a national council tax. In June last year, the chief executive of Surrey police authority was informed that the Secretary of State had decided to nominate the authority for capping purposes and that it would be given a notional budget. However, no constraint or capping level related to that notional budget was mentioned at the time. When, in contrast to the police authority, Surrey police force started doing its budgetary calculations, the idea of a notional budget was raised with the Government as a precautionary measure. In a reply dated 25 July 2008, Department for Communities and Local Government lawyers replied that

"there is no requirement on the Surrey police authority to calculate a notional level of Council Tax (based on the notional budget requirement) for 2008/09 and Surrey police authority will set their budget requirement and their precept for 2009/10...in the normal way".

At the end of October, Surrey police force—the force, not the authority—was informed that if Ministers decided to use their capping powers, a notional council tax might be used. Again, there was a warning that no decisions had been made. In early November, Surrey police force—again, not the authority—sought further clarification and was told that the police authority was to be informed on the position regarding notional council tax in due course. That confirmation did not arrive with the police authority until 28 January 2009—literally within hours of the actual budget and precept being set.

The capping designation now is that Surrey police authority is faced with the ludicrous situation of rebilling all Surrey council tax payers for a minimal reduction. The squeeze on Surrey police authority's grant and its budget ceiling means that it has had to cut staff progressively. It has calculated its manpower levels for the years 2009-10 to 2012-13. It commences, before the capping, with a reduction of 159 personnel for this year, moving to a total reduction of 373 policemen and women in 2012-13. This is before designation and rebilling take effect.

The cost of designation is a further £1.6 million cut. The cumulative effect over the same period is a further reduction of 55 policemen and women. The rebilling will cost Surrey police authority £1.2 million. It has used the rebilling authorities—the district councils—to assess this. That translates into a further reduction of 24 personnel—24 fewer policemen and women. In my area, Mole Valley, that works out at about £4.65 per bill. That means that at band D, it costs £1.47 more than the reduction: not until band F is the negative position reversed.

I hope that the Minister can visualise the huge sigh of relief in every band D household when their council tax bill drops through the door for the second time, giving them a huge annual reduction of £3.18. As most people pay in 10 monthly instalments, the reduction will be 32p a month. Most people will be confused; some will be bemused. If they are aware of the cost to their already strapped police force of the rebilling, in addition to the capping, they will be very unhappy, if not furious. Local authorities throughout Surrey will have to reset

their direct debits for every council tax payer paying by those means. Many thousands of Surrey residents who pay by bankers order will have to send a new bankers order form, probably costing 20 per cent. of the total saving just in the stamp and the envelope, and more if one includes the costs to the bank of changing everything.

It is a ludicrous, disproportionate situation. Bearing in mind the tiny saving, the Department could easily set the designation to next year, but for Surrey police authority alone, Ministers have decided to place a further cut, with the expensive, unnecessary, bureaucratic rebilling. Looming in the background is the prospect of a judicial review, which will be interesting, as I think I am correct in saying that nowhere in the new legislation does the word "notional" appear in relation to capping as regards either budgets or council tax. However, that is not my decision or the Minister's—it will be for the court.

The additional cuts to pay for this rebilling have meant a lesser, more stretched police presence in difficult circumstances that will be exaggerated by the current economic climate. The Government do not have to require a rebilling, and common sense demands that they do not.

3.3 pm

Paul Holmes (Chesterfield) (LD): In the course of this short debate, three issues have arisen. First, there is the concept of a notional budget and whether that has any status in law. As we have heard, that issue may be going to two judicial reviews, one relating to Surrey and one to Derbyshire. Secondly, what is an excessive budget? Who decides what an excessive budget is, and what are the criteria for deciding that there is one? Thirdly, if there is an excessive budget, who takes the decision to stop it and to punish the local body—council, fire authority, or, as in this case, police authority—that is introducing it?

We have heard about the principle of local democracy and local accountability. Over the past year or two, a big buzzword in the Conservative party and the Labour party has been localism. We hear a lot of talk about localism, but see almost no evidence of any move towards delivering it. Localism—local democratic accountability—means that the local community elects its police, fire and local government authorities and decides what is best for local people. It decides on levels of council tax, on what services to introduce or cut and on how to deliver the wishes that local people have expressed through the ballot box. That is localism, giving real power to local people, as happens in just about every other democracy in the world.

In Germany, France, Sweden, Norway, Finland, any of the 50 states of the USA or the provinces of Canada, people cannot understand the system that we operate in which 90 per cent. of taxation is brought to No. 11 Downing street, and then some of it is handed out with strings attached. Local authorities, and through them the police and fire authorities, get about 20 to 25 per cent. of their money from local council tax and the rest, with strings attached, from the central Government block grant.

The system is alien to most democracies in the world. It was alien to how we operated in this country in the 19th century, when major leaders such as Joseph Chamberlain in Birmingham pioneered the first public transport systems, gas, sewerage and all the rest. That was done by local authorities without their having to go to the Government, cap in hand, and say, "Please can we do this?"

Some of the first signs that we were abandoning that came in the 1970s. The famous Clay Cross rent rebels took action back in 1973, for example. Then in the 1980s, the Conservative Government introduced rigid rate capping. Labour opposed that in the 1980s and 1990s, but when it came to power in 1997, it continued the system. The Minister said that the Government had made it more flexible, and there is some truth in that, but they none the less continued the rigid control from the centre over locally elected bodies and local accountability. All the talk of devolution, accountability and localism is absolutely meaningless unless we give real financial power to local democratically elected people.

Who should decide whether a budget, in this case a police authority's budget, is excessive? It should be local people. In Surrey, and in Derbyshire, which the Minister mentioned about nine times—I was counting—the police authorities got the full support of the local population through consultation groups. People said, "We think that the police in this area are so underfunded, under-strength and understaffed that we are prepared to pay a higher than normal council tax increase to support them."

In both counties, it was a cross-party process. I know for a fact that it was in Derbyshire, and I understand from the Westminster Hall debate, in which I took part and in which, as we have heard, 10 of the 11 Surrey Members spoke, that it was in Surrey as well. It appeared from the consultations with electors' groups and community groups that there was widespread support across all areas for setting the budget that the Government then decided was excessive.

Sir Paul Beresford: Surrey's budget is supported about 49 per cent. by council tax and about 51 per cent. by the Government, so local toes are being trod on very badly.

Paul Holmes: I thank the hon. Gentleman. Surrey is one of the great exceptions, as it is one of the police authorities for which as much as 50 per cent. of the money comes from local people. I remember a previous Police Minister, two or three Ministers ago, saying a couple of years ago when we debated the underfunding of Derbyshire police that one way forward was to use the Surrey example of switching the emphasis from central Government to locally elected bodies and council tax. That was about three Police Ministers ago and nothing has happened since, but if we do that, it will take us back to the principles of accountability, democracy, local devolution and localism.

If those principles mean anything, they must mean that local people make decisions through the ballot box, and their elected representatives decide on the level of council tax, local income tax or whatever taxation is in use. If people are unhappy about it because the council tax increase or in this case the police authority precept is excessive, they will decide that through the ballot box. That is what ballot boxes are about, and it is what local democracy should be about.

There is a key question that I want the Minister to answer, because we did not get an answer when I posed it in the Westminster Hall debate. When the Government

[Paul Holmes]

use this power—I believe wrongly, because things should be decided locally—how do they decide that a budget is excessive? We have heard all the detailed statistics showing that Surrey is an efficient police authority, as the Audit Commission has stated. Derbyshire is the same. The police authority is very efficient and has made many backroom cuts in the past few years. The Government and the auditors have praised it for doing that. There is no fat to be cut. As the Government admit, every year since 2006, when they introduced a new funding formula, Derbyshire's police budget has been underfunded by £5 million. This year, Derbyshire has increased the precept by £1.6 million to try to overcome some of that. If it is underfunded by £5 million a year and it has increased council tax by £1.6 million to offset roughly a third of the underfunding, how can the budget be excessive? If one should have £5 million more and one raises £1.6 million, one is still underfunded by £3.4 million.

According to the Government's figures, in 2006, 2007 and 2008, Derbyshire police were grossly underfunded, but the Government will not let Derbyshire police authority, with the backing of all three political parties and community consultation throughout Derbyshire, do anything about it. That is illogical. Next year, Derbyshire could well be in the same position as Surrey. What was done to Surrey last year has been done to Derbyshire this year. The Government have said that they will not make Derbyshire rebill or cap it directly, but they will knock £1.6 million off next year's money. Derbyshire, which has among the lowest numbers of police officers per head of population of any shire county in England, will have to lose 60 front-line police officers by next April to meet what is capping, in all but name, this year.

I repeat that I would like the Minister to answer, not so much the questions about accountability and localism, which we have debated previously, but the question that I asked in the Westminster Hall debate at the start of June. How do the Government decide what constitutes an excessive budget in the case of Surrey and of Derbyshire? If Derbyshire, on the Government's admission, is underfunded by £5 million, how can raising £1.6 million towards that be excessive, when it makes up only about a third of the shortfall?

3.11 pm

Ms Rosie Winterton: I recognise the concerns that hon. Members have expressed today. I emphasise that capping is not something that we do lightly. Indeed, as I explained earlier, we have introduced a much more flexible system. In some years, no action has been taken, but we need to examine the overall situation and ensure that we get the right balance between local accountability and the Government's role in ensuring that council tax rises are not excessive. Of course, it is, first and foremost, for local authorities to set their council tax and justify it to local electors. However, we also have a duty to protect council tax payers from excessive increases.

I want briefly to comment on several points that have been made. The hon. Member for Mole Valley (Sir Paul Beresford) talked about the overall financial situation. There has been a total increase of £48.4 million of Government grant—23 per cent. in real terms—between 1997 and 2009, and an increase of £32.5 million, which is 80 per cent. in real terms, between 2001 and 2009-10. There has therefore been a big increase. Even with the cap this year, Surrey will receive £5.7 million more.

To answer the hon. Member for Chesterfield (Paul Holmes), capping principles were announced to the House on 26 March. They were: a budget requirement of 4 per cent.; a council tax of 5 per cent. Although it is obviously up to Surrey police authority to decide how to spend its budget, its figures show reserves of £9.4 million, of which £5.6 million is not earmarked. As I have said, it is up to the authority to decide how it uses that money.

Sir Paul Beresford: If the right hon. Lady looks further behind those figures, she will realise that, as a percentage, they are below the level required by the Audit Commission.

Ms Winterton: I should also add that, because of the increases that the Government have put into local government and policing, police numbers in Surrey in September 2008 were 262 higher than in March 1997. On 30 September, Surrey had 1,882 police officers and 1,721 police support staff, which is 994 more than in 1997. I think that we have taken the right decision in this instance.

Sir Paul Beresford: If we extrapolate the budget that results from the capping, the designation and the anticipated grant, the reality is that Surrey will lose 373 policemen and women over the next three years, and, because of the capping, the designation and the rebilling, a further 55. So, to use the Prime Minister's approach, this is a negative increase.

Ms Winterton: I think that I have explained fully the way in which we have changed what was a rigid system so that, last year, we were able to give Surrey a notional budget, meaning that it would not have to rebill. However, it has always been made clear that the changes that were made last year would be taken into account this year. The authority ignored the warnings that it was given. As I have said, Surrey is the only authority that, having been notified of a notional budget requirement, set an excessive increase in the subsequent year. I have to say to all the hon. Members who have spoken that, having considered the case, the Government have no doubt that firm action needs to be taken.

I think that the hon. Member for Bromley and Chislehurst (Robert Neill) raised the issue of judicial review—

Robert Neill *indicated dissent.*

Ms Winterton: Perhaps it was the hon. Member for Mole Valley. I understand that this morning the judicial review application was refused on the papers. Of course there is a right to appeal—a right to request an oral hearing—but the application was refused this morning.

I emphasise again that we do not take these decisions lightly. We have to balance the issues of service provision and local accountability with ensuring that council tax payers do not face excessive council tax bills. That is why we have taken this action, and I hope that the House will support the order.

Question put.

The House divided: Ayes 239, Noes 33.

Division No. 197] **[3.18 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benton, Mr. Joe
Blackman, Liz
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clarke, rh Mr. Tom
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flint, rh Caroline
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Patrick
Hanson, rh Mr. David
Harris, Mr. Tom
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Mackinlay, Andrew
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Prosser, Gwyn
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Tami, Mark
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Lyn Brown and Mrs. Sharon Hodgson

NOES

Alexander, Danny
Brake, Tom
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Corbyn, Jeremy
Davey, Mr. Edward
Dodds, Mr. Nigel
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Harris, Dr. Evan
Holmes, Paul
Howarth, David
Huhne, Chris
Hunter, Mark
Keetch, Mr. Paul
Laws, Mr. David
Leech, Mr. John
McDonnell, John
Pugh, Dr. John
Rogerson, Dan
Rowen, Paul
Russell, Bob

Smith, Sir Robert
Stunell, Andrew
Swinson, Jo
Thurso, John
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Younger-Ross, Richard

Tellers for the Noes:
Mr. Alan Reid and
Mr. Roger Williams

Question accordingly agreed to.

Resolved,

That the draft Council Tax Limitation (Maximum Amounts) (England) Order 2009, which was laid before this House on 10 June, be approved.

UK Manufacturing

Topical debate

3.30 pm

The Minister for Business, Innovation and Skills (Mr. Pat McFadden): I beg to move,

That this House has considered the matter of UK manufacturing.

The business of making things—manufacturing—matters to every Member of this House: it has been a defining part of our economy for hundreds of years; it has contributed to our reputation across the world; and it is a significant part of our economic strength.

Kelvin Hopkins (Luton, North) (Lab): Will the Minister give way?

Mr. McFadden: Not for the moment, as I am only one sentence into my speech.

Since the time of the industrial revolution when we were dubbed "the workshop of the world", manufacturing has helped the UK to punch above its weight, and one of my principal points today is to counter the impression that we are not still a country that excels at making things; we most certainly are, but whereas once we led the way as producers of iron, coal and cotton, we are now blazing a trail in new areas such as robotics, software, new technology and advanced manufacturing.

Kelvin Hopkins *rose—*

Mr. McFadden: I see that my hon. Friend is still anxious to get to his feet, so I shall give way to him.

Kelvin Hopkins: I thank my right hon. Friend for giving way. I want to be as supportive as possible, but I have to quibble with his suggestion that we are still a manufacturing nation. We have a gigantic trade deficit in manufactures, contributing to a very substantial balance of trade deficit which is ongoing, in contrast to Germany, for instance, which has a massive surplus as it has looked after its manufacturing better than us. I hope my right hon. Friend will accept that.

Mr. McFadden: I do not accept the assertion that we are not a manufacturing nation. We are the sixth largest manufacturer in the world, and I believe that manufacturing is a critically important part of our economy. I see the pride, passion and commitment of UK manufacturing in my own constituency week in, week out. When the Prime Minister visited Wolverhampton last Friday, my hon. Friends the Members for Wolverhampton, South-West (Rob Marris), for Wolverhampton, North-East (Mr. Purchase) and I were able to introduce him to many local manufacturers such as Goodrich in aerospace and Nuclear Engineering Services Ltd in my constituency, where people have built up excellent manufacturing industries employing hundreds of other people and making excellent products.

Manufacturing is still a critical part of our economy, employing 3 million people directly, with more in supplies and associated services, and contributing £150 billion to the UK economy.

Mr. Mike Weir (Angus) (SNP): The Minister is talking about the new industries in manufacturing, which is very good, but he seemed to dismiss the older ones. However, there is an opportunity for many such

industries—shipbuilding and metal beating, for example—in that their products can be used for the new green industries, particularly for offshore wind, for instance. So will the Minister not dismiss them so lightly?

Mr. McFadden: I did not dismiss the old industries; I reject that assertion. I believe that traditional manufacturing and the newer industries can combine to contribute to our manufacturing strengths, so I am certainly not dismissing any manufacturing industries.

Mr. Nigel Evans (Ribble Valley) (Con): We are now going to have more nuclear power stations, which I greatly welcome. Does the Minister agree, however, that we have waited too long to make that decision, and that a lot of the skills we need to manufacture our own nuclear plants—*[Interruption.]* No, I will accept part of the responsibility, but this Government have been in power for a long time—since 1997. Does the Minister agree that if we had been more diligent and made the decision earlier, we would not have to import as much as we will have to simply to be able to construct our new nuclear build?

Mr. McFadden: I am prepared to be open-minded and to accept criticism of Government policy from many quarters, but I will not accept criticism from the Conservative party about being late to the game on the new generation of nuclear power stations. The hon. Gentleman's party has changed its position on that issue more times than a Highland dancer in the middle of the most active reel. I hope that the Conservatives now accept the need to move forward in that regard.

I was explaining the importance of manufacturing to the UK economy; as I said, it contributes some £150 billion to the economy, accounts for half of Britain's exports and is responsible for 75 per cent. of our business research and development.

Mr. Fraser Kemp (Houghton and Washington, East) (Lab): Does the Minister think that an excellent example of how traditional industries can modernise for the future can be found in the motor industry and the investment in low-carbon cars that has been considered. Nissan, in my constituency, is one organisation that is looking closely at producing the next generation of low-carbon cars, and a decision is expected on that shortly. Does he think that that is another way of developing our manufacturing base? May I also quickly correct something he said? He said that 3 million people are employed in manufacturing, but I suspect that the real figure is 200 more than that, because 200 extra staff have been taken on by Nissan as a result of the success of this Government's scrappage scheme.

Mr. McFadden: I am happy to be corrected by my hon. Friend, who anticipates what I am coming on to say about the importance of the low-carbon economy in our manufacturing future. He rightly stresses that, and the Government are actively working with Nissan and other manufacturers on that agenda.

This country has excellence and world leadership in some manufacturing sectors—for example, aerospace. We have the second biggest aerospace industry in the world, with more than 100,000 people directly employed in the manufacture of aircraft systems, engines and equipment. We are fortunate to have world-class companies, such as Rolls-Royce, based here in the UK. It is a world leader in the production of aero engines and provides a prime example of the kind of innovative and forward-looking manufacturing that is certainly part of our economic future.

Several hon. Members *rose—*

Mr. McFadden: Many colleagues wish to intervene today. I will try to be generous, but I am keen to make progress.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): While praising excellent industries, I hope that the Minister also recognises just what a world leader this country is in subsea engineering—that has come on the back of the oil and gas industry in the North sea. To that end, now that energy is the responsibility of a separate Department, does his Department still have an interest in promoting the business side of the oil and gas industry and all the service industries that go with it?

Mr. McFadden: My Department works very closely with the Department of Energy and Climate Change on these issues, and we will jointly be publishing a low-carbon manufacturing strategy in the not-too-distant future. We have worked on that co-operatively.

It is important to remember that our manufacturing base also helps us to attract significant inward investment. The UK is the world's second most popular destination for foreign inward investment. Investment projects in advanced manufacturing have increased this year by 18 per cent, so even in the midst of a downturn inward investment in manufacturing is a UK success story, and we must not forget it.

Rob Marris (Wolverhampton, South-West) (Lab): A golden thread running through manufacturing is the importance of investment in capital equipment, and capital allowances are one of the tax regimes to encourage that. Is my right hon. Friend as astounded as I am that the policy of those on the Conservative Front Bench, as announced by the hon. Member for Fareham (Mr. Hoban) on 12 May, is to cut capital allowances by £3.7 billion a year?

Mr. McFadden: That kind of policy is the last thing that our manufacturing industries need, particularly in the midst of a downturn when we hope that hard-pressed industries are able to take investment decisions in order to prepare for the upturn when it comes. The Conservative party has come up with a policy that would strike at the heart of those investment decisions, and that is the very opposite of the support that manufacturing industry needs.

Kelvin Hopkins: I agree entirely with my right hon. Friend about the importance of manufacturing and preparing for the upturn when it comes. Will he and the Secretary of State do everything possible to sustain the General Motors van plant in Luton—the best van plant in Europe, which produces the best vans in Europe and, I would argue, has the best work force in Europe? It is vital for our future.

Mr. McFadden: The importance that we attach to that plant was evidenced recently by the visit of my right hon. Friend the Secretary of State. We are doing everything we can to ensure that General Motors continues with its manufacturing base here.

We have manufacturing excellence in this country. I have mentioned one or two sectors, and there are others, such as plastic electronics and bluetooth technology—things that we use every day that are made here in the UK and are an important part of our manufacturing future. Of course, we must also acknowledge that, amid those strengths and our strong position overall, manufacturing has had a tough time during the recession. Some companies have gone, including some well known names, and people have lost their jobs. We understand the pain that that causes for individual families and communities. We are determined to ensure that those affected get a second chance to retrain and reskill, and to start again. That stands in stark contrast to what happened in previous recessions, when people in manufacturing sectors and others lost their jobs and were left with little more than a giro cheque to keep body and soul together. They certainly did not get the active help that they needed to have a second chance.

Mr. David Drew (Stroud) (Lab/Co-op): We still have the ongoing debate about whether wage compensation is a realistic approach. It was depressing to hear that even the Proact proposal in Wales has yet to take off. In other parts of Europe, many of our competitor companies have employees on short-time working paid for by the state to keep them in employment. Are the Government still actively considering that as a way to keep our people in employment?

Mr. McFadden: Let us consider the European comparisons. We are not alone in our manufacturing industries being affected by the recession. There has been a decline in trade in goods across the world. In the year to April, manufacturing output declined in this country by 13 per cent. In the US, the figure was 14.6 per cent., in France it was almost 20 per cent., in Germany it was 24 per cent. and in Japan it was more than 30 per cent. The effect has been felt around the world, and it has often been greater in other countries than here in the UK.

No Government can say that they can stop an economic recession having an impact, but we will do everything we can to ensure that the recession is as short and as shallow as possible. I shall tell the House about some of the measures that we are taking to support manufacturing through the recession.

During the past year, the Manufacturing Advisory Service, which does an excellent job, has helped nearly 8,000 manufacturing companies to improve their efficiency and effectiveness, improving gross value added by some £120 million and, in many cases, helping to generate new sales. The vehicle scrappage scheme, which my hon. Friend the Member for Houghton and Washington, East (Mr. Kemp) mentioned, has had a serious impact, with 94,000 orders for new vehicles.

As my hon. Friend the Member for Wolverhampton, South-West mentioned, we also have a £50,000 investment allowance, meaning that the 95 per cent. of businesses that invest less than that sum a year are able to write those investments off, giving them the confidence to make the investment that our manufacturing industry needs.

We must do more to prepare for the upturn, and that is why we have brought together the former Department for Business, Enterprise and Regulatory Reform and the Department for Innovation, University and Skills in the Department for Business, Innovation and Skills. That will help to prepare the country for the economic upturn and ensure that we put the support in place where it will have most value. We will certainly not stand by and watch the recession take its course, as we were advised to a few months ago by the Opposition. We believe that we have an active part to play and that that philosophy of industrial activism that was once the vogue on the Opposition Benches, before being abandoned, is still important.

Mr. David Anderson (Blaydon) (Lab): Is not our record in direct contrast to that of the Opposition, who actively closed coal mines, actively closed shipyards and actively destroyed the steel industry in this country?

Mr. McFadden: My hon. Friend makes a good point. We cannot insulate the country from closures—I do not pretend that we can—but we do what we can to avoid them and to give help where they take place.

Mr. Ian Cawsey (Brigg and Goole) (Lab): Although I welcome the measures that the Government have put in place to keep the manufacturing sector together, it is also important that we retain certain core manufacturing industries, such as the steel industry in north Lincolnshire and my constituency. A fortnight ago, Corus said that 500 jobs were to go there and this morning it announced that another 366 will go. Active intervention—the report from the Federation of Small Businesses and the TUC talks about wage subsidy, which was mentioned by my hon. Friend the Member for Stroud (Mr. Drew)—is needed to keep such businesses at the capacity that they are at now so that when the upturn comes we still have steel in Britain.

Mr. McFadden: I have been in active contact with Corus in recent weeks. My sympathies go out to my hon. Friend's constituents who are affected by job losses, and those of other hon. Members. Corus has told me that the critical issue it faces is demand for the product that it makes. Half that product goes into construction, so the best thing that we can do is to try to ensure that there is demand for the product that is made. We have brought forward spending for social housing, for additional investment in schools and hospitals and for initiatives such as the car scrappage scheme so that there is demand for the steel that is made. In the long term, that will be more effective in supporting the steel industry than any short-term wage scheme. I must stress that.

Let me talk about our industrial policy, as published in "New Industry, New Jobs", and some of the support and initiatives available from the Government. We have set aside £750 million for a strategic investment fund. About a third of that will go to low-carbon initiatives, because we understand that how we build and heat our homes, produce our energy and transport ourselves will all change profoundly in the years to come.

As a Government, we take the view that we want British industry to be in the best possible place to take advantage of those opportunities. We are working with colleagues from the Department of Energy and Climate Change on a low-carbon industrial strategy to ensure that as we come out of the downturn we back the best of British industry in initiatives such as wind and wave power and low-carbon vehicles, as well as others, and that we take advantage of the opportunities represented by the low-carbon economy. As the G8 meets and discusses these things, it is of course a challenge to respond to climate change, but it is also an industrial opportunity. This Government are determined to ensure that British industry has the help and support it needs to take advantage of that.

Adam Afriyie (Windsor) (Con): The Minister is talking about industrial activism and support as regards climate change. That is all to be welcomed, of course, but how much of that £750 million has seen the light of day? How much has been spent or invested so far, when it was announced months ago?

Mr. McFadden: It was announced in the Budget and plans will be brought forward over the coming months. The hon. Gentleman is critical of spending; I point out to him that his party is determined to cut spending by an extra £5 billion this year. I do not see what hope that would give to manufacturing industry, which needs support to invest in some of the opportunities that I have mentioned. I could say the same about training. We believe it is important that our workers have the skills to take part in modern manufacturing, which is why we will put £1 billion into Train to Gain next year. That is money that the hon. Gentleman's party, as recently as Monday, pledged in this House to abolish. The Opposition have pledged to cut spending on training, and they are committed to cutting support for spending overall. That is not what our manufacturing industries need.

What those industries need is co-ordinated support and help from the Government, directly where it makes a difference. They also need the Government to be a smart customer, because we are a major purchaser of many goods and services right across the economy. In the past, Governments may not have looked so actively at their role as a customer, but we are determined to do that in the future.

A critical part of our manufacturing strategy is that we take advantage of the opportunities presented by the change to a low-carbon economy, whether that involves new nuclear capacity, low-carbon vehicles, or wind and wave power. That is what we intend to do, through the strategic investment fund and other initiatives.

This debate is critical to our economy. Manufacturing is a hugely important sector, and we are a country that makes things. We are the sixth biggest manufacturing economy in the world, and we will continue to be a major manufacturing economy in the future.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I inform the House that Mr. Speaker had imposed a time limit of eight minutes on Back-Bench contributions, but that additional Members have since expressed a desire to contribute to the debate. I am therefore reducing the time limit on Back-Bench contributions to six minutes.

I call Mr. John Penrose.

3.51 pm

John Penrose (Weston-super-Mare) (Con): Thank you, Madam Deputy Speaker, and I shall try to keep my comments as brief as possible to allow plenty of time for other colleagues to make a contribution.

I shall start on a momentary happy note by saying that the Opposition have one fundamental point of agreement with the Minister. We agree that manufacturing is clearly vital for this country's long-term economic future. It has been for many years, and must be in future, a core part of this country's economy and employment. My party would like to see it grow and prosper at a far higher rate than it has in the past.

The Minister was right to point out that manufacturing still accounts for 13 per cent. of our GDP—a substantially smaller proportion than it used to be, but still very material. He was also right to point out that we are sixth in the world rankings on manufacturing. There are plenty of industries in which we can be proud of our standing: he mentioned aerospace, and I completely agree with him.

I am afraid, however, that the situation is not quite as rosy as the Minister tried to paint it. The sad fact is that for many decades the experience here has been of long-term decline in manufacturing, relative to other countries. That has been going on under Governments of all stripes, not just this one, for many decades.

Kelvin Hopkins: Does the hon. Gentleman accept that one factor that has had a crucial effect on our manufacturing sector for a long time has been the overvaluation of sterling, relative to the currencies of other significant developed nations? The countries that have attended to their exchange rate and made sure that it is kept in line—such as Germany, for example—have prospered rather better than we have.

John Penrose: I should love to agree, but I am afraid that I cannot. I am a free marketeer, and so believe that the market is rather better at choosing appropriate exchange rates for most countries than politicians are—certainly, it is better than politicians in this place. In addition, Germany's experience with the level of the deutschmark and now the euro has not been altogether happy in many periods of its history. I am not sure that it is a good example, although I accept the underlying point that I think the hon. Gentleman is making, which is that many countries' currencies have been overvalued or undervalued for periods. That clearly creates stresses and strains in the world economy.

To illustrate how long our relative decline has been going on, it is instructive to look at the rate of job losses in our manufacturing sector. Because of various comments from the other side of the House, I shall make one comparison—and I shall limit myself to this—between the Labour and Conservative records. Under the previous Conservative Administration, 137,000 manufacturing jobs were lost each year. However, I am afraid that the rate has accelerated under the current Labour Government, and that the number of manufacturing

[John Penrose]

jobs lost each year is now 152,000. Clearly, we are still making mistakes and we still face a fundamental underlying problem.

Nia Griffith (Llanelli) (Lab): Can the hon. Gentleman tell us how many manufacturing jobs have been created under the Government?

John Penrose: I do not have a clue, but I am sure that either the hon. Lady or somebody with the appropriate note from the Labour Whips is itching to tell us and will doubtless leap to their feet at some point during the debate.

It is instructive to consider why there has been a long-term decline. Some factors are the fault of Governments and politicians, but others are part of the global economy. It is instructive to realise that, because in the face of the economic winds of change other countries may have dealt with the pressures better than us. We have already heard about Germany, although I did not agree with the precise example.

The most important factor is globalisation. Many countries have become part of the global economy and, because they have a particular advantage in low wage rates, have made huge strides in trading their way upwards and out of poverty. I am sure everybody in the Chamber agrees with that and welcomes it, but the unfortunate and painful downside for the UK has been long-term pressure on internationally traded goods, particularly those that are manufactured in this country. That has been a major factor in the erosion of Britain's relative competitive position in manufacturing.

That has not been happening only over the past 10 years, although there has been a strong impact on the Government's performance. In the 1980s and '90s, before the so-called BRIC countries—Brazil, Russia, India and China—emerged and became part of the world economy, we were all talking about the Asian tigers, who were doing exactly the same thing. It has been going on for many years, and it is up to us to address the issue rather more effectively than we have been.

Some of the problems are self-inflicted, however. In the old days, there was appalling labour market rigidity and industrial strife. Thankfully, that problem has been substantially reduced; it has not gone completely, but it is more a problem of history than of today. The UK has a good record in research-led innovation—scientific innovation from our universities—but unfortunately we are not as good as many other countries, particularly America, in converting theoretical science into practical manufactured products that can be sold abroad. In many cases, other countries are better at taking on such ideas and investing in them. I do not say that we are awful at it, but we could do better.

Mr. McFadden: I agree that there has traditionally been difficulty in bringing great ideas from the laboratory to the market. That is why, as part of "Building Britain's Future" we have announced an innovation fund, to be shared between Government and levered-in private sector funding, to do precisely what the hon. Gentleman is talking about. I hope he welcomes that initiative.

John Penrose: I am delighted to have been able to give the Minister the opportunity to make that explanation. I am sure we all wish the initiative well, although we obviously need to make sure that it delivers what it promises. I am sure that all hon. Members would agree about the principle that it is trying to achieve.

We must deal with some other external problems, one of which, particularly at a time of recession, is the threat of a resurgent force of protectionism. As the Minister rightly said, we are facing one of the worst recessions in living memory, and it has hit manufacturing and construction particularly badly. There is danger at this point in the economic cycle, because there are always temptations for the voices of protectionism in countries all round the world to try to re-raise barriers, either tariff or non-tariff. Clearly, that would affect the UK's ability to export. These days, manufacturing is overwhelmingly a global industry and a global business in many sectors. Protectionism is an arrow aimed at the heart of our manufacturing sector if we cannot fend off those siren voices and ensure that the forces of protectionism are held at bay.

Given that scenario, why are other countries doing better than us in maintaining their manufacturing sectors and making them prosperous? What should we be doing? My party has come up with a series of ideas, and I propose to summarise them, but I shall not go on for too long because I am conscious that other Members want to contribute.

First and most importantly, we need a simpler tax regime, and lower taxes wherever possible. Half of one of our tax ideas was mentioned by the hon. Member for Wolverhampton, South-West (Rob Marris), who spoke about our plans for capital allowances. He neglected to mention what we would do with the money; I am sure that that was merely an unintentional oversight, and I am happy to help him out. The aim, of course, is to reduce corporation tax and the cost of employing staff, particularly for smaller companies. Our ideas on that, which are already a matter of public record, are to cut corporation tax and payroll taxes for small firms, to defer small firms' VAT bills, to introduce measures such as small business rate relief, and to make the latter mandatory.

Those ideas are all simple and straightforward, and will help small firms in many sectors, particularly manufacturing, to prosper. They make life simpler, and they mean that firms do not have to check with their accountants before making an investment decision. The measures allow firms to focus on customers, rather than on tax implications, and firms will therefore be much more likely to remain competitive.

Rob Marris *rose—*

John Penrose: I give way, but with trepidation.

Rob Marris: I quite agree with the hon. Gentleman: we cannot compete with India and China. We need capital investment. He is right that Conservative party policy is to cut corporation tax from 28 per cent. to 25 per cent. for larger companies; that is where the £3.7 billion comes from. The countervailing measure to make the policy cost-neutral is to take £3.7 billion away from capital allowances. I just put it to him that manufacturing industry disproportionately relies on capital

allowances. We want capital investment, and we have to have it, because we cannot compete on wages with India and China.

John Penrose: I take the hon. Gentleman's point, but it is also true to say that in the past 10 years, this country's tax code has become incredibly baroque, long and involved. I think that it is one of the longest in the developed world. It is now incredibly difficult to enact any measures, other than simplification measures, that will have a practical effect on investment decisions, because people cannot understand the tax code, which is supposed to encourage them to do one thing or the other. Simplicity is far more important, as a way of getting people to focus on customers.

I am conscious of the time, so I shall move on and talk about skills improvements. I think that there is a degree of agreement across the parties on the aim and importance of improving skills throughout the economy, although I suspect that we would disagree on how the Government are going about that. I should like to correct one point made, doubtless unintentionally, about the Conservative party's policies on Train to Gain. The Minister for Business, Innovation and Skills said that we plan to reform Train to Gain, but he did not say how we planned to spend the money thus freed up. Just to make sure that he understands, I point out that our policy is not a cut, but a redistribution of the money so that it is used in a way that we hope is rather more productive. Some £775 million will go to reform Train to Gain. That will create 100,000 extra apprenticeship places, fully fund 77,000 existing places that are currently only partly funded, create a £2,000-per-job bonus for new apprentices in small and medium-sized enterprises and boost group training associations. That is not a cut; it is, we believe, a better way of spending the existing money.

Other factors that are vital for manufacturing are simplifying and speeding up the planning process. It is extremely difficult for anybody who wants to build a new factory in this country to find a site and battle their way through the thickets of our planning law, and in that regard it is difficult for us to compete with many other countries. That puts off many potential investors. The system needs to be simplified and made quicker.

Equally, we have a problem in our energy sector. Many manufacturers—particularly those at the heavier end of manufacturing, who inevitably use a great deal of energy—have come to me and, I am sure, many other Members present in the Chamber, and said, "Look, the problem with Britain's energy prices is not only that they can be high, but that they are particularly volatile." Volatility makes planning extremely difficult, and is particularly difficult to cope with for those in heavy industries; it therefore needs to be dealt with.

Mr. Weir: I agree with the hon. Gentleman about energy prices. Is there not also a problem with the type of contracts that some energy companies impose on high-end users? They demand large sums up front because of the effects of the recession, in which so many companies have gone to the wall.

John Penrose: The effects are many. The hon. Gentleman has picked up one, and it is a major factor. It is extremely difficult in some cases to take out forward contracts that might allow a firm to hedge its exposure. There are a number of things that can be done, but the problem with them is that none works as well as in other countries.

Finally—here we are in agreement with the Minister—there are great opportunities for this country in green manufacturing and creating a low-carbon economy. There is a degree of overlap between the two parties, largely because we would argue that our party introduced a series of ideas, which the Government swiped and are claiming as their own. Whatever the provenance of the ideas, measures such as smart meters, feed-in tariffs, encouraging renewable energy sources such as biogas and marine energy and, as the Minister mentioned, encouraging low-carbon buildings, transport and commerce by retrofitting energy efficiency measures to existing stock, and in our case proposing a high-speed rail route throughout the country, will stimulate locally produced and locally manufactured products that stand a chance of putting Britain in the forefront of some of the most important and exciting new industry areas in future.

There is much that can be done. Other countries are doing these things better than we are. I have set out the Conservative party's recipe for coming back up the order of merit internationally, and I commend it to the House.

4.6 pm

Richard Burden (Birmingham, Northfield) (Lab): I welcome a great deal of what my right hon. Friend the Minister for Business, Innovation and Skills said in introducing the debate. If the hon. Member for Weston-super-Mare (John Penrose) will forgive me, I do not think I will be using his recipes in relation to manufacturing.

Those of us who come from the west midlands know how badly the manufacturing sector is being hit by the current economic downturn. The West Midlands Committee is conducting an inquiry and will report in the near future, so I shall not prefigure that. In the short time available, I shall make a few comments about the automotive sector, both because my constituency includes Longbridge and as Chair of the all-party motor group.

I shall not go over the issues about MG Rover that were discussed this week and will be spoken about again in great detail, save to say that, with all the accusations and counter-accusations that have been flying around over the past few days, I hope nobody loses sight of the fact that the important people in the debate are the 6,000 workers who lost their jobs, and their families, the communities that rely on them, and the suppliers to that plant. I hope that when he winds up the debate, my right hon. Friend will confirm that it is the Government's intention to publish the inquiry report into MG Rover as soon as possible, and that after four years of waiting those employees will be able to get the money that is their due from the trust fund that has been set up.

On broader automotive issues, I welcome the fact that the signs coming out of the introduction of the scrappage scheme are positive. Perhaps there are lessons that we can learn from that for the future. Will my right hon. Friend bear in mind what my hon. Friend the Member for Stroud (Mr. Drew) said about short-time working subsidies, which still have a role to play? We need to look at those more seriously. I welcome the automotive assistance programme that was published

[Richard Burden]

in February, but like others I want to underline the fact that that programme is not yet working quickly enough. That must be addressed.

For companies of strategic significance in the west midlands economy, it is particularly important that things move more speedily in order to attract the necessary investment. One example is Jaguar Land Rover, where the issue is loan guarantees on commercial rates. That must be brought to a conclusion as soon as possible so that that company can realise its undoubted potential.

That brings me to the main issue that I want to cover today—risk. Assessing, managing and taking risk is at the heart of any business. Businesses cannot operate without risk. That is clear from the example of the automotive industry, where there is a risk every time millions of pounds are invested in developing a new product, research and development and so on. It was even clearer this week when motor sport industry representatives came to Parliament to talk about its potential—some hon. Members might have seen the industry's exhibitions. It is involved in a range of areas—from green technologies to defence equipment—that go well beyond motorsport, and at the root of that involvement is the industry's ability and willingness to take risk.

At a time of economic downturn, there is a greater consensus about the need for the Government to intervene to nurture manufacturing. That is what the automotive assistance programme is all about, but, if we are to do so when bank credit is difficult to obtain, we must start taking responsible risks. The problem is that the machinery of government—for all the right reasons of looking after taxpayers' money and so on—can end up being too risk-averse, and the resultant delays can get in the way of what we want to do.

When bank credit dries up, the Government rightly say, "We need to ensure that the European Investment Bank can put money in," but the European Investment Bank then looks for guarantees. It looks to the Government to back up those guarantees with their own loan guarantees, so the Government go back to the company to try to secure the guarantees that the firm could not provide in the first place. The danger is that we get into that big circle and we do not get very far.

We, as politicians, must learn some lessons from that, because we often create that state of mind. When someone takes a risk, sometimes things will be successful and sometimes things will be unsuccessful, but when something is unsuccessful we politicians have a habit of immediately looking for heads to roll and for somebody to blame and of saying, "You should never have taken that risk in the first place." We had an example of that earlier this week, when the right hon. and learned Member for Rushcliffe (Mr. Clarke) went back to the MG Rover story and said that, in 2005, at that crucial time, it was absolutely wrong for the Government to invest—to risk—£6 million to try to save 6,000 jobs. Interestingly, the Tories supported the measure at the time, but they attack it now. Political amnesia is an interesting thing. The point is that it was justifiable to risk that money to save those jobs. It was the right thing to do, but it did not achieve the right result. We need to learn some lessons from that, but I certainly hope that they do not lead us to say, "Never take the risk", or to just play the blame game.

4.12 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): May I begin by reiterating the written apology that I have made to you, Mr. Speaker, and through you, to the House? I may have to leave a few minutes before the end of the debate, although our timing is such that I hope to be able to stay for the full debate.

There is no doubt that UK manufacturing has been going through a particularly difficult time and has been deeply affected by the current crisis. We should not underestimate that. Indeed, we have heard about examples of those difficulties from the hon. Member for Birmingham, Northfield (Richard Burden) and the hon. Member for Brigg and Goole (Mr. Cawsey), who mentioned Corus. Office for National Statistics figures show that the drop in output has been worse than anticipated. Many companies are struggling, and that struggle flows through to lay-offs and redundancies. I do not for one moment underestimate those difficulties, but in the short time available to me I should like to turn to the future and to the opportunities that it presents.

It would be wrong to fall into the trap that many people fall into of regarding British manufacturing as somehow old-fashioned, outdated, ineffective, rooted in the past and of no consequence to the future. Far from it; in manufacturing, the high-tech and advanced engineering sectors, in particular, and many others are world-leading and world-beating. We should not only support them now, but nurture them into the future. As the Minister said when he gave his figures, we still have the sixth-largest manufacturing industry in the world, comprising 12.6 per cent. of the economy, by the gross value added—GVA—measure, and 3 million employees. That is important by anybody's reckoning.

Certain sectors, including the steel and automotive industries, have suffered grievously, but the quality and strength of many others, such as the high-tech and advanced engineering sectors, remain a success story that we must support. I should like to touch on two examples of such opportunities. First, the Pentland firth, which is close to my home in the north, has a tidal resource that it is estimated could deliver up to 31 GW of energy. Given current technology, that is probably a tad optimistic, but a yield of 10 to 15 GW is highly realistic.

The technology is developing rapidly. Three years ago, I was told that in aviation terms it was at the Wright brothers stage, and a couple of weeks ago I was told that it had advanced to the Spitfire stage; in a few years' time, we hope to be in the jet age. The Crown Estate has a licensing process and British-designed, British-made turbines, leading the world, will be the first in productive service. Companies such as Rolls-Royce, Atlantis and International Power are all involved. We have the opportunity to be the first in the world and to centre the industry in this country, with jobs in the UK—including a few, I hope, in Caithness.

Mr. Alan Reid (Argyll and Bute) (LD): My hon. Friend is right that the renewable energy industry gives a great opportunity for British manufacturing, particularly in remote locations. Will he join me in welcoming the investment made in Campbeltown by Weloon? It has the potential to create a few hundred jobs in the manufacture of wind turbine towers for the offshore wind generation industry.

John Thurso: I am happy to welcome that development in Campbeltown.

The danger is that other countries will see what we are doing and latch on to the technology. How often in the past has British innovation become somebody else's production? We must not lose the opportunity; the threat is that things will go elsewhere. I make a plea to the Government, and I am meeting Ministers at the Department of Energy and Climate Change to put this point: the Government should play the co-ordinating role that will make sure that at this early stage the bits are joined up so that the opportunity is realised.

The second opportunity on which I want to touch has already been mentioned by the hon. Member for Birmingham, Northfield; it relates to the motor sport industry. I had a fascinating meeting with the industry's representatives and I love what it is doing. There is such quality and breadth in its engineering. Everybody thinks that it is just to do with Formula 1, but it is not—it is about advanced gearboxes for articulated lorries which will reduce the amount of fuel used, about electric transmission, about the aerospace and defence industries and about £6 billion of exports. The motor sport industry, too, needs to be supported.

If there is to be support, we need three things. First, we need a clear strategy. That is not about picking winners and losers but about identifying strengths and opportunities and making sure that they are supported. The Government have made a good start and I hope to see more of the same. The second point is about skills. In the next three years, we will be approximately 5,000 jobs short in advanced areas such as nuclear technology, the advanced automotive industry and many other activities. We need to find a way of getting the skilled engineers that we need.

The third issue is finance. The current crisis in the City should be regarded as an opportunity. This is a time when we can redirect our finance, which can stop being the purview of the masters of speculation, and when the City can once again become the servant of commerce and industry. That means less debt and more equity. We need to find ways in which we can get more equity to absorb more risk into British manufacturing industry.

There is no doubt that British manufacturing is suffering today, but it is a success story to be nurtured and taken forward. As I said, it will offer a real prospect for sustainable growth once the recession is over. We should not lose sight of that opportunity.

4.19 pm

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I represent a traditional manufacturing constituency, even today, well over 20 per cent. of the work force are employed in manufacturing and construction—the two sectors that have been hit hardest by the recession.

In my regular conversations with the managers of small and medium-sized companies in my constituency, the Government's general approach is recognised as being appropriate. When I speak to those people, the first thing they tell me is that the important thing is to sustain demand. Without that demand for the goods and products that they produce, all the schemes are not worth much. The Government's commitment to bringing forward public spending and to sustaining demand is therefore crucial in terms of the thrust of the policies that are necessary to sustain manufacturing and make for a recovery. These people are not instinctively supportive of Government intervention and Government spending, but they argue, time and again, that if we do not have the general policies in place to sustain our manufacturing base, when the tide turns and the economy grows we will not have the industrial capacity to secure the jobs and the profits to pay into taxes to pay off the public spending that we are incurring now.

The overarching policy is right, but some pillars are working well and others are not. First, on the balance sheet, I will mention those that are working well. After a slow start, the enterprise finance guarantee scheme is undoubtedly playing an important part in the survival of manufacturing SMEs. The flexibility on tax offered by Her Majesty's Revenue and Customs is an enormous help to a large number of small companies. The scrappage scheme, which was mentioned by my hon. Friend the Member for Birmingham, Northfield (Richard Burden), appears to be playing its part in sustaining demand in the motor industry and, in turn, the steel industry. The prompt payment initiative is also very welcome.

However, other pillars are not working so well. I want to concentrate particularly on credit insurance. My hon. Friend the Member for Birmingham, Northfield went on at some length about risk. That is nowhere better reflected than in the support that the credit insurance industry gives to the construction and automotive supply chain, which in general does not get much support. Rachel Eades, a representative of Accelerate, the motor industry supply body, says:

> "The majority of our clients have all been hit with either or both a reduction in cover and in many cases—and it seems to be growing—the complete withdrawal of insurance cover for vehicle manufacturers and tier one suppliers."

That is hitting companies in my constituency, and in the rest of the black country, particularly hard. They know that there are opportunities to promote and sustain their sales but cannot get the credit insurance necessary to do so. It does not help that even when they can get it, the premiums have gone up and their overheads are that much greater. In many areas of the motor supply industry, credit insurance has been withdrawn altogether. The Government initiative announced in April to top it up is therefore irrelevant, because one cannot top up something that does not exist. This is a big issue that is hampering the ability of small companies in the black country to sustain their viability. I hope that the Government will look at it again.

The other big handicap in the Government proposals is that they relate only to domestic companies. Our Government representatives are internationally promoting a global fiscal stimulus, with construction in European countries designed to stimulate the European and wider world economy, but companies in my constituency that would be capable of using the competitive pound to sell and to enhance their profitability and potential work force in those markets cannot do so because no export credit guarantee insurance is available.

I know that the Government are consulting on that, and I hope that the Minister will ensure that that consultation reaches a speedy and productive conclusion. Otherwise, there will be companies in the black country that are unable to support the Government's overall initiatives to promote world growth, and particularly

the element of that growth that will help much-needed small and medium-sized enterprises in areas such as the black country.

4.25 pm

Mr. Nigel Evans (Ribble Valley) (Con): It is apposite that we have the opportunity to debate UK manufacturing industries at this moment, during a deep recession. Somebody spoke earlier about political amnesia, but one thing is for certain: people are not going to forgot the hurt that has been felt during this recession.

My hon. Friend the Member for Weston-super-Mare (John Penrose), the shadow Minister, spoke about the need to make absolutely certain that we do not resort to protectionism—a view with which I agree heartily. The last thing we want is a wall built around the European Union as some sort of protectionist device. Even if we were to build a wall around it, I suspect that we would put the contract out to tender and the Chinese would win it. We know that they are pretty good at building great walls, but it would be of no benefit whatever to us. We really do believe in free trade.

Before I move on to the impact of manufacturing and its importance to us, I wish to make a brief point about trade missions and exhibitions, which I feel are vital. I am a co-chairman of the all-party export group, and I believe that the attempt to save a bit of money by cutting trade missions and exhibitions throughout the world has been rather foolish in the long term.

Frankly, I thought that we made a grave mistake when we got rid of the royal yacht and did not replace it with anything. We could have had a new yacht, manufactured in Britain, as a showpiece throughout the world on which to exhibit goods made in the UK, supported by our trade ambassador, Prince Andrew. We did not, and at the same time we cut the number of missions and exhibitions we support throughout the world. Other countries are not doing likewise. Our so-called European friends are also our competitors, and they are getting out there in the world and promoting the goods that they manufacture. I do not blame them for that; I blame us for not matching them.

We have taken the same attitude towards our embassies, high commissions and consulates throughout the world. We are cutting and closing missions right, left and centre and bringing the flag down. We might think that that is associated with our colonial past, but it has nothing to do with that and everything to do with our trading future. The Chinese are also our competitors in manufacturing, and they are doubling or trebling missions. I hope that the Minister will look again at our attitude to trade missions and exhibitions throughout the world.

It was asked earlier how many manufacturing jobs have been created recently. The only figure that I have compares the number of people employed in manufacturing in 1997, when we left office, with today. In 1997 it was 4.53 million, and today it is 2.7 million. There has been a huge reduction. Manufacturing is still important to the UK, and it is not simply at the hands of this Government that it has reduced. It has happened over successive generations. However, we have to realise that there is a problem and that we cannot base the future of this country simply on the service sector.

It is absolutely right that we have to invest in research and development. We talk about innovation, which we are pretty good at, but we have to be pretty good at production as well. We have to build on the fact that we are good at innovation and research and development. Some of us managed to see the Lightning, the electric sports car that will hopefully be built in the midlands, in the House a few weeks ago. It has had a lot of research and development here, and it will be manufactured here as well. It will do 198 miles before it needs to be recharged. That is the future, but we must not turn our back on the car industry of the past in the midlands and other parts of the country, which is suffering greatly.

We support the car scrappage scheme, which works in France and Germany. I think that the Government made the right decision—we will have to monitor the scheme to ascertain whether it needs to be extended when the time comes, rather than turning our back on it.

BAE Systems operates in my constituency, where we have a superb plant. As I am sure the Minister knows, it employs 4,500 in the Samlesbury plant in my constituency, and 7,000 in the Warton plant, which is not far away. Thanks to the company's putting so much investment into the two plants in the north-west, many other jobs have been created in small enterprises. Frankly, many people could not name those small companies, some of them are based in lock-ups, and would not even know what they were doing, but the existence of BAE means their existence. It would therefore be short-termist of any political party that takes over in 2010 or earlier and is trying to save public funds to cut defence expenditure and procurement. We need to ensure that our troops have the equipment that they need to protect the country and that there is sufficient investment in future in projects such as the Lightning, and in the joint strike fighter and other aircraft.

4.31 pm

Nia Griffith (Llanelli) (Lab): I am glad that we have the opportunity to discuss such an important subject. I welcome, as well as the Minister, his new colleague from Wales, the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Wrexham (Ian Lucas). I know that he will be very helpful in providing additional assistance to manufacturing.

It is easy, when faced with the press, to focus only on the negative. I should like briefly to make a couple of positive points about my constituency. We are pleased to welcome the company Thales, which will provide approximately 80 jobs by the autumn in manufacturing an impressive vehicle, for which is there is much demand nationally. That is a great story. We also have the Proact scheme, which is working well with our local college, Coleg Sir Gâr, and helping 12 local companies to use time productively. If those companies cannot sell as many products, and therefore cannot do as much manufacturing, they can at least upskill the workers.

We should not only improve workers' skills for an upturn in the economy, but invest in infrastructure. As the Minister explained, and as my hon. Friend the Member for West Bromwich, West (Mr. Bailey) said, programmes for schools and hospitals help steel and other manufacturing industries, which are supplying all the good construction work, but we must also examine the infrastructure that we need for our industry. We are lucky in my constituency to have rail and the M4, which means that we have excellent manufacturing sites within a few minutes of road and rail.

We should look at manufacturing throughout the UK, especially in areas such as south-west Wales where every job is valued. We should not simply focus on one or two areas, where perhaps there is a greater concentration. We need the investment as much as anywhere else.

I want to consider the more complex issue of investment in our sewerage infrastructure. It is easy to understand how money for schools and hospitals is channelled—it goes via the Welsh Assembly and county councils; we know what we are doing. However, we have recently had a consultation about water pricing, which arose because of the need for water companies throughout the UK to examine investment in the infrastructure. That has affected manufacturing industry in my area because the lack of investment in sewerage means that we have a planning restriction on expanding our factories. The water companies have to raise the money from individual domestic users and there is great variation throughout the country. For example, in south-west England, a huge effort is made to keep the beaches clean and that has a knock-on effect on the domestic price. We need to consider how we right that infrastructure to ensure that no area is disadvantaged and in a position whereby it cannot build factories because the necessary investment has not been made in bringing sewerage up to the required standard. That burden should not fall only on the domestic consumer.

I should also like to bring to the Minister's attention the matter of energy prices. We know that worldwide oil prices have been on the G8 agenda. The high-energy industries are represented in my area by Corus, and I should like to remind the Minister that the town of Llanelli is nicknamed "Tinopolis", because Corus produces tinplate there. That product is very much in demand at the moment, and we are "lucky" that there is still a strong market for tins and cans for food and drink. However, we feel that we are perched perilously on a knife-edge, and that every cost increase makes an enormous difference to our ability to compete across the world. We need to provide companies with certainty and stability and to help them to plan for their energy costs. That is undoubtedly a great worry for them when they are trying to do their long-term planning. I stress to the Minister the absolute urgency involved in getting that right, and in getting guarantees not only on immediate pricing but in relation to our investment in providing for future energy supplies so that we can become less reliant on imports.

In that context, I reiterate that we cannot discount the importance of coal. Much as we might like to reach a point at which we did not have to use a single carbon product, that is not the reality, given that about 70 per cent. of our electricity currently comes from carbon products. We need to think carefully about whether we would not be better off making a considerable investment in coal rather than importing oil. Clean coal technology is a key part of that question. If we could get ahead in that game and produce the necessary materials and technology, we could sell them to the world rather than allowing others to overtake us. We have an ideal opportunity to lead the world in that area.

4.37 pm

Sir Nicholas Winterton (Macclesfield) (Con): Manufacturing industry has always been my prime priority. Press articles this week entitled "Economy stuck in stagnation" and "Manufacturing output slump" make for depressing reading. The disappointing news is that the United Kingdom economy did not exit recession in the second quarter, as had previously been predicted; instead, it is now stagnating, according to the gross domestic product estimates produced by the National Institute of Economic and Social Research. That is the reality. Last month, the institute estimated flat output growth in the second quarter and downward revisions to industrial production have stunted GDP forecasts.

I agree with the Minister, however, that we are one of the great world leaders in advanced manufacturing. We have some of the greatest companies in the world. They operate from the United Kingdom but they are global players with huge strengths in new technology and in innovation.

Mr. Evans: My hon. Friend has listed some of the problems; does he agree with me that if Sir Alan Sugar is the answer, we had better look again at the question?

Sir Nicholas Winterton: Inevitably, I share my hon. Friend's view on Mr. Alan Sugar—or should I now call him Lord Sugar? Perhaps not yet.

Will the Minister ensure that the Government do not place additional burdens—such as an increase in national insurance, Government-generated energy price rises, fuel tax and regulation—on manufacturing industry? These are all important factors. When will he reverse the crippling £16 billion cost—that is an official estimate—of constantly changing regulations, and the £7 billion of new taxes introduced a year by his Government? When will he recognise that manufacturing industry is one of the only sources of sustainable, non-inflationary economic growth—a phrase that I have used over many years—and the key to getting out of this damaging recession? I put this to the Minister as a challenge: if the future of this country is to be built on modern manufacturing strength, when will the present Government start to encourage, and not de-incentivise, our industry and manufacturing?

Despite receiving unprecedented valuable bail-outs from the taxpayer—from the HM Treasury—the banks et. al. are all providing little or no meaningful assistance to hard-pressed manufacturing via the necessary increase in lending. I am sure that the Minister will agree. The plight of small to medium-sized businesses is very serious, since the commercial banks still refuse to lend to struggling businesses, which are, after all, the powerhouse of a modern economy.

I know that individual businesses in my Macclesfield constituency are finding it extremely difficult to secure the affordable credit that is so vital for their present survival. Sadly, I have to report to the Minister that the situation in the constituency, as witnessed by the Macclesfield chamber of commerce, continues to deteriorate. That situation, as my hon. Friend the Member for Ribble Valley (Mr. Evans) would confirm, is repeated throughout the north-west.

Autac, a company in my constituency that manufactures cables and connectors for heavy-goods vehicles and fork-lift trucks, is just about coping with the downturn, but is having to produce very small orders at short notice in order to survive. The management believe there has been major de-stocking and that customers are now keeping minimum stocks. The company has been particularly hit by the drop in demand for commercial vehicle parts and commercial vehicles, while vehicles as a whole have featured strongly in this debate.

[Sir Nicholas Winterton]

The Macclesfield chamber of commerce is seeing the usual reduction in spend by businesses on training and marketing—very dangerous for the future—with several manufacturers also having had to reduce R and D spend, which is also critical for the future. Several are concerned about the change in rules on tax relief, for example, and are waiting while HMRC investigates claimed costs.

Locally, as in many parts of the world, there is concern over PAYE, business rates and employment legislation; and the pension protection levy is also an issue. The printing industry in my constituency has been particularly hard hit—initially by competition from China and increasing material costs, which has now been exacerbated by the fall in demand for marketing and printed material. A local firm, for instance—this is not untypical—has had dramatically to reduce its work force and, what is more, renegotiate terms and conditions with the remainder of its staff. Large vacant premises are becoming a major issue due to the lack of demand for such property, while current business rates, as the Minister knows, are a very serious problem indeed.

The final major point made to me by the local chamber of commerce was that it is suffering from increasing demand for its services with a lack of any Government support. I have to report to the Minister—I say it with some regret—that the Macclesfield chamber of commerce has failed to secure a contract with the Northwest Regional Development Agency, which has once again gone to a large commercial provider, despite the fact that the chamber of commerce is so closely in touch with industry in the area. I hope that the Minister will pay some attention to this matter and make some inquiries into it.

Let me tell the Minister that I feel passionately about manufacturing industry. Over all my years in the House, I have been an advocate of manufacturing industry because of the role it plays in the economy of any successful country. Will the Minister please take the burdens off industry and not add to them; will he understand what industry is about? The fact is that businesses need money at this time, so why cannot the Minister and the Government do more to encourage the banks to provide the liquid capital and the resources that industry so desperately needs to survive until the economy turns up? We rely on the Government to take very positive steps.

4.43 pm

Mr. David Drew (Stroud) (Lab/Co-op): The Minister will have heard my earlier intervention and my continuing plea, together with those of my hon. Friends the Members for Birmingham, Northfield (Richard Burden) and for Chorley (Mr. Hoyle), for wage compensation. I shall say no more about that now as I want to move on to more positive things, for which I thank the Government, but the Government need to recognise that the pleas will not go away.

In January this year, I approached a number of people in Gloucestershire to seek help with problems I faced at that time. Two major companies in my constituency, Delphi and Renishaw, were laying off some members of their work force and putting others on short-time working. Following an initial meeting with Business Link's south-west skills service, we were able to fasten a partnership together, and I am extremely proud of the way in which we have worked.

At that stage, the skills service was considering whether Train to Gain could be used to deliver business improvement techniques, in accordance with national vocational qualifications level 2, to those who would be on short-time working. The aim was to ensure that we used rather than wasted the time that those good people sadly had on their hands, and that if and when the recession ended they would be ready to go out and compete with their European and other rivals.

We had a number of meetings with a huge number of partners. We met representatives of the South West regional development agency, and I thank Ann O'Driscoll for helping us with the paper that she prepared. We also met representatives of the Learning and Skills Council, Jobcentre Plus, Gloucestershire Training Group—the key vehicle for the training to take place—the Government Office for the South-West, Gloucestershire First and Business Link itself. As a result, we have been able to develop very effective training packages. I thank the Government for the resources that they are potentially investing, and the way they have followed up the work of those organisations.

We have offered support to both Delphi and Renishaw, and are about to launch the training packages for real. At first we envisaged quite a small number of positions, but the number rose to 1,100. It is likely to stabilise at about 450, but because the scheme is voluntary, the door is open for others to "upskill" themselves so that they can take advantage of what the Government have offered. We believe that this is a model that could be adopted in other areas. It is the south-west's equivalent of Proact. As I said to my right hon. Friend the Minister, it is disappointing that Proact seems not to have taken off as effectively as it might have.

I am immensely proud of what has been done in my constituency. When people think of Stroud, they tend to think of rolling green hills, the creative industries and tourism, but in fact it is still a major manufacturing centre, which is why I have been so keen to ensure that we keep as many people as possible in employment.

Now that the scheme is up and running, it is important to ensure that it develops. I want to make a number of points about it. I do not expect my right hon. Friend to respond to them all now, but I hope that in due course I can meet him with some of the representatives. Alternatively, he might choose to write to me.

First, some employers fear that they will have to pay if people do not complete the course, which is to be supervised by Ofsted. It must be made clear that neither those who train nor the employers who allow them to train will be penalised. We must underwrite the cost. Secondly, the awarding bodies—the qualifications academies—must recognise that if they charged individually the cost could become onerous, and that they should drop their price for the collective numbers involved. Thirdly, given that Train to Gain is capped, I hope that my right hon. Friend will tell us how we can allay people's fears and reassure them that the funds will be there for both adults and young apprentices if we choose to expand the scheme, as I hope we will.

As I have said, the scheme is innovative, and it shows the Government working at their best. I hope that the compensation and contribution arrangements will still operate, but if this scheme works, it will be something of which everyone should be proud.

4.50 pm

Mr. David Anderson (Blaydon) (Lab): I did not think I would agree with much of what the Conservative Front-Bench spokesman said, but I did agree with the comment that we should not pretend that everything in the garden is rosy. That would be a disgrace, and very unfair to the people who have lost their jobs, the companies that are struggling and the communities that are under pressure.

We are certainly impacted on by the worldwide recession, but we are also impacted on by decisions taken by Governments in the past. I want to talk first about decisions taken in the 1980s in the industry I worked in—coal mining—and the effect they had not just on the people working in it, but on those working across the whole of manufacturing industry.

In the 1980s, the main way we supported underground coal mine roadways was by putting in arch girders. Arch girders cost £108 a set, and they were used for every yard we moved. In 186 pits, we were moving thousands of yards a week. By the early 1990s, however, there were hardly any pits left, and the impact on the steel industry of the fall in demand for that one piece of equipment was massive. The manufacturing base was therefore impacted on as a result of direct Government intervention, but the impact was not felt only in the nationalised industries. Companies such as Huwood in my constituency, which made conveyor belts, went to the wall; companies such as Gullick Dobson and Dowty, which were making hydraulic supports, were no longer needed; and companies such as Anderson Boyes in Motherwell, which made cutting-edge shearers and coal cutters in this country, have now disappeared or are owned by German companies. That is a clear example of the failure of the market to deliver.

We are now seeing what is happening as a result of our Government having come into office in the 1990s. We have seen the introduction of the regional development agencies; in my part of the world, that has played a major role in supporting manufacturing industry. Sadly, however, the Leader of the Opposition says the regional paraphernalia, as he has described it, is one of the things that he has in his sights in the so-called attack on the quango state. If that happens, that will have a major impact on support for manufacturing industry in the north-east of England.

The regional development agency in the north-east has set up a manufacturing advisory service, which has played a major role in assisting more than 250 companies, helping them to save almost £4 million in the last two years alone. It has also helped to cut CO_2 emissions by almost 26,000 tonnes in the same period. The Government, the regional development agency and manufacturers have between them set up the New and Renewable Energy Centre in Blyth, which supports the development of electric vehicles by Smith vehicles—part of Tanfield—near Consett. It also supports Nissan in developing electric cars; my hon. Friend the Member for Houghton and Washington, East (Mr. Kemp) mentioned that. A new technology centre in the Sedgefield constituency has helped in the development of plastic electronics; that is another example of us tapping into the skills of the people of the north-east, supported by this Government agency that the Conservative party would do away with. A centre for innovation has been developed, too, where we will take forward cutting-edge technology on Teesside to develop biotechnology, making energy from waste and mass.

The traditional skills are still there, too, to be deployed and developed for the use of this nation, as has happened in the north-east of England for centuries. When the Minister began his comments, he spoke about the long history of manufacturing in this country, and there was some chatter about that. In my part of the world, we received a charter from Queen Elizabeth I to develop the first industrial-scale coal mining expeditions anywhere in the world, and in the early 1700s we set up the first industrial-level ironworks, and we still want work today. We are ready, we are willing and we are very, very able to build the new high-speed trains that are at present up for discussion. If the Minister really wants to do us a favour today, he should go to see the Secretary of State for Transport and tell him to give the contract for the trains to the Tyne Valley yard, which just happens to be in my constituency.

There is more to come for the future. There are real opportunities, if we grasp them between us. This is not a job that the Government alone can take on; there is also a role for the private sector. There is so much potential in the coal reserves off the north-east of England. The new methods of accessing coal, including underground gasification of coal, could transform the way coal is used to power the energy of the world. There is more coal under the North sea off the north-east of England than the whole world burns in a year, and we are leaving it there to rot. Joint work between the Government and the private sector is needed in order to access it.

Another development has also come to a standstill: carbon capture and storage. There is much debate in the industry about what to do. What infrastructure should we build? Should we build the equivalent of a B road or a motorway? If we build it too small, will it be fit for purpose for the future? If we build it too large and things do not work out, will we have we wasted money? The truth is that while we are talking nothing is happening, but it needs to.

We are entering a world where turbines that are 140 metres high with blades 55 metres long—the total sweep is 110 metres, which is more than the length of Wembley's football pitch—are being built off Aberdeen. That is the sort of technology that we are getting into and that is the sort of thing that we want to see off the north-east coast of our country. We can achieve that, but if we are to deliver it, the private sector and the Government will need to step up to the plate. One of the biggest things we are going to be worrying about is the shortage of copper to provide the energy and the cabling from the sea to the shore. We have to get our act together on that. Again, it is down to us to work with the private sector to ensure that that happens. The hon. Member for Weston-super-Mare (John Penrose) spoke about being a free marketeer, but I am sorry to say that the free market has failed this country and without total Government intervention it will do so again.

4.55 pm

Mr. McFadden: This short debate has shown the passion that exists in this House for manufacturing. Of course this has been a changing story for our nation and we no longer have as many large manufacturing plants with thousands of employees as we did some decades ago. However, in that story of change we must not be too quick to ascribe a story of failure and decline.

One of the themes to emerge from this debate is the impact of the recession on manufacturing. My hon. Friend the Member for Blaydon (Mr. Anderson) rightly said that it would be remiss of us not to acknowledge that, given the people who have lost their jobs and the companies that have gone to the wall. We do acknowledge that, but I wish to say something about the scale of the impact and to repeat the figures that I used in my opening comments. In the year to April, manufacturing output in the UK declined by 13 per cent., which compares with 14.6 per cent. in the United States, 19.9 per cent. in France, 24.3 per cent. in Germany and more than 30 per cent. in Japan. There has been an effect and companies have gone to the wall, but the United Kingdom has not been hit disproportionately hard compared with other countries—some countries have done worse.

A second theme was shown in the agreement across the House on the importance of the transition to a low-carbon economy for our manufacturing future. The hon. Members for Weston-super-Mare (John Penrose) and for Caithness, Sutherland and Easter Ross (John Thurso), and my hon. Friend the Member for Llanelli (Nia Griffith) commented on that. It is right that carbon capture should be considered as part of that. This country has to make the most of the transition to a low-carbon economy. Hon. Members have also stressed that we need to equip our workers with the skills to take part in the low-carbon economy, and it is important to create opportunities, as well as to know that the demand exists. To that end, we have the Train to Gain programme, we have 12,000 new apprenticeships this year and we have 300,000 more higher education students than we had when we came into office. Ensuring that our country has the skills to take part is crucial, and not only for economic reasons. If we do not ensure that, there will be a great sense of exclusion from the economy of the future, and we must guard against that.

The third theme of the debate was demand, which was raised specifically by my hon. Friend the Member for West Bromwich, West (Mr. Bailey). He rightly said that the Government made a choice as the recession hit to do what they could to stimulate demand, be that through construction, other capital projects, the car scrappage scheme or action in other areas. We have done what we could to stimulate demand. I accept that we must continue to work on the schemes that we have announced to ensure that they are effective. We have been active on some of the specific problems that have been mentioned, for example in respect of discussions between Corus and EDF Energy about energy prices.

The final theme of this debate that I wish to mention is local pride. That can be seen in the companies mentioned by hon. Members from across the House. Manufacturing gives shape and identity to our constituencies, and what goes for our constituencies also goes for our country. That is why manufacturing is such a crucial part of our economic future.

Question put and agreed to.

Resolved,

That this House has considered the matter of UK manufacturing.

Nuclear Weapons Proliferation

Motion made, and Question proposed, That this House do now adjourn.—*(Mary Creagh.)*

5 pm

Dr. Gavin Strang (Edinburgh, East) (Lab): I am very pleased to have the opportunity to bring the important and urgent matter of nuclear weapons proliferation before the House. The nuclear non-proliferation treaty, or NPT, is the cornerstone of the international non-proliferation regime. The treaty came into force in 1970 and is recognised as having been a real success. It was negotiated at a time when there was a very real danger that the number of states with nuclear weapons could reach 20 or more within a decade or so. The fact that that did not happen is recognised as being in large part due to the treaty. The NPT is also given credit for the decision of a number of states that had set out on nuclear weapons programmes, or that had inherited nuclear weapons from their Soviet predecessors, to abandon that path.

The NPT is essentially a deal between those of us with nuclear weapons and those without. The non-nuclear weapons states agree not to pursue nuclear weapons. In return, they have access to civil nuclear energy and a promise of disarmament from the five recognised nuclear weapons states—China, the US, Russia, the UK and France. While the so called "grand bargain" at the heart of the NPT is easily described, supporting and enforcing it is a constantly changing task as technology advances and politics shift. The fundamental issue is whether the NPT is the way forward for the next 20 years.

The developments in nuclear proliferation have been something of a roller coaster ride in the past two decades. Following the end of the cold war, steps were taken to strengthen the non-proliferation regime, and the NPT review conferences of 1995 and 2000 gave us real grounds for optimism.

Review conferences are held every five years as part of the ongoing operation to ensure that the mechanisms in place to protect the world from nuclear proliferation are up to the job. The conferences of 1995 and 2000 were significant successes, with the conference in 2000 adopting a 13-step programme of action for the total elimination of the nuclear arsenals of the nuclear weapons states.

From 2000 onwards, however, we have been going backwards. The last review conference, in 2005, ended in failure. Nothing was achieved. Later in 2005, further efforts to strengthen the regime were made at the UN millennium summit, based on Kofi Annan's high-level panel report, "In Larger Freedom". Again, these efforts got nowhere. In the meantime, the United States and India reached a deal that significantly undermined the NPT central bargain. India is a non-NPT country, yet the US agreed to supply India with civil nuclear fuel and technology.

I am sure that other parties were content to see the lack of progress and content to let the US take the blame, but it is clear that the previous US Administration were not working to strengthen the global non-proliferation regime, to say the least. The former UK ambassador to the UN, Lord Hannay of Chiswick, has said:

> "From the year 2000 onwards...the George W Bush administration applied itself quite deliberately to the de-construction of rules-based systems in the fields of arms control and disarmament."

All the while, resentment continued to grow towards the nuclear weapons states that their disarmament obligation was not being met.

The link between non-proliferation work and disarmament is strong, and is brought out in the recent report of the Foreign Affairs Committee. It is far more difficult to deal effectively with a less co-operative state, or to build support for measures to strengthen anti-proliferation work, if dissenting parties can point to the failure of the nuclear weapons states to make progress towards disarmament. At this point, I will restate my own view that the UK's decision to replace Trident is a setback.

Mr. David Drew (Stroud) (Lab/Co-op): My right hon. Friend might be coming on to this point, but the decision to go through the initial gate—possibly in September when the House is not sitting—is more than a little bizarre. Does he agree that the Government ought to be brought kicking and screaming back to this place—certainly as the Americans and Russians have moved the debate on—so that we can properly debate whether that is the right way forward?

Dr. Strang: I am grateful to my hon. Friend for that intervention. I agree. There is real concern—certainly among Labour Members—about the September decision. I do not quite see why it has to be made in September and I would like to think that there could be some movement on this point. We know that the Trident replacement bid is a big issue that will not go away—far from it, as it seems to be getting more and more prominent for a range of reasons. My view, like that of my hon. Friend, I think, is that Trident should have been cancelled many years ago. However, I agree with his point.

Having endured those bleak years, are we now on the way up? There are, in my view, real grounds for optimism. The first is the new Administration in the United States. My hon. Friend the Member for Harlow (Bill Rammell), then Minister of State at the Foreign and Commonwealth Office, told the Foreign Affairs Committee:

> "The prospects for disarmament under President Obama are much greater and stronger than they were under President Bush."

That, I think, is incontrovertible.

The new President has declared that he wants to work towards a world without nuclear weapons, to pursue the US ratification of the vital comprehensive test ban treaty and to support a verified fissile material cut-off treaty. As the House will be aware, the US and Russia made progress earlier this week on a joint understanding for a new strategic arms reduction treaty. The START follow-on treaty would reduce the number of deployed strategic warheads and delivery vehicles. Surely that encouraging development points up the difference in President Obama's approach from that of his predecessor. I would go so far as to say that President Obama provides us with the best hope we have had for years in the area of non-proliferation.

Our own Government have shown that they are seized of the importance of progress at next year's NPT review conference. In March, the Prime Minister announced that the UK is to work with other countries to set out a "Road to 2010" plan. I understand that publication is likely to come before the House rises, and I hope that is right.

[Dr. Strang]

There are signs of movement at an international level, too. In May the preparatory committee agreed by consensus an agenda for the 2010 NPT review conference. That might not sound like much, but it is a lot better than what has been achieved in the past. Indeed, it was the first time that that has been achieved in the preparatory committee for 15 years. Later in May, the UN conference on disarmament, which had been deadlocked for 12 years, agreed a programme of work, including the negotiation of a fissile material cut-off treaty.

It seems there is indeed scope for progress, and it is vital that we seize this opportunity, because the challenges that we face are urgent. Iran and North Korea are NPT signatories and they have breached their NPT obligations—North Korea has tested nuclear devices. India, Israel and Pakistan have all acquired nuclear weapons since the treaty came into force, with major implications for security in their regions. All three refuse to join the NPT. The NPT nuclear weapons states still hold massive nuclear arsenals, and would continue to do so even after the planned START follow-on treaty is fully implemented.

The security of nuclear material is a great concern, especially as the use of civil nuclear power worldwide is expected to expand. The A.Q. Khan proliferation network shows the ongoing threat of the illicit transfer of technology and materials, and the threat of terrorist efforts to acquire nuclear weapons and materials is surely a continual concern.

So how do we proceed? Looking to the 2010 review conference and beyond, a consensus has been emerging over some of the steps that need to be taken. First, we must see the early entry into force of the comprehensive test ban treaty. It can come into force only when all five nuclear weapons states and all states with civil nuclear reactors have signed. Nine such states, including the United States and China, have still to make this commitment. As I have mentioned, President Obama has pledged to pursue this, and the fact that the Senate is Democrat-led gives further ground for hope.

Secondly, to strengthen measures that prevent the illegal diversion of material to nuclear weapons programmes, we must have universal adoption of the International Atomic Energy Agency's additional protocol, which allows inspectors more intrusive access. The Government recognise that progress here is a priority.

Thirdly, a fissile material cut-off treaty would halt the further production of plutonium and weapons-grade uranium. The Government have identified that as an essential step towards a world without nuclear weapons and, as I have mentioned, President Obama has reversed the position of the previous Administration and reinstated US support for the treaty.

Fourthly, moves to guarantee supplies of fuel for peaceful nuclear energy uses, enabling countries to forgo the development of fuel-cycle facilities, would limit the risk of diversion and of terrorist intervention. If progress is to be made here, participating states must have absolute confidence that supplies would be guaranteed.

Fifthly, we need proper enforcement measures for states that breach or withdraw from the NPT system—a point made by President Obama in his speech earlier this year in Prague. I am pleased to say that this is also a priority of the UK Government.

Sixthly, we nuclear weapons states must take steps to de-alert our existing arsenals, reduce our dependence on those arsenals in our defence policies, and improve our levels of transparency. As UN Secretary-General Ban Ki-moon has pointed out, the fact that we do not even have an authoritative estimate of the total number of nuclear weapons attests to the need for greater transparency.

Finally, we nuclear weapons states have an obligation to disarm. As I have said, disarmament is one of the three pillars of the NPT, and the world is watching closely. The progress towards a successor to START made by the US and Russia this week is an encouraging step in the right direction. Non-nuclear weapons states will need to see that we nuclear weapons states have an ongoing commitment to further, deeper cuts in our arsenals.

This week, Robert McNamara, US Defence Secretary during the Cuban missile crisis, died. Unlike most hon. Members, I can remember the Cuban missile crisis. I was a student and can remember the genuine fear that we all—students and university lecturers—felt at the time. Forty years after that crisis, McNamara famously revealed how close the world came to nuclear war. He said:

> "It was luck that prevented nuclear war...Rational individuals came that close to total destruction of their societies. And that danger exists today."

The case for a world without nuclear weapons was made by Robert McNamara in one sentence, and I will close with it today. He said:

> "The major lesson of the Cuban missile crisis is this: the indefinite combination of human fallibility and nuclear weapons will destroy nations."

Surely the greatest security challenge facing us today is to do all that we can to ensure that that does not happen—not in our lifetimes, not in our children's lifetimes, not in our children's children's lifetimes: not as long as mankind inhabits this planet.

5.13 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Chris Bryant): I wholeheartedly congratulate my right hon. Friend the Member for Edinburgh, East (Dr. Strang) on securing this debate. As he rightly pointed out, this issue is one of the most important issues facing our generation, and generations yet to come. What the present generation faces is different from what a slightly older generation faced, but this is a matter of timely concern.

First and foremost, the debate is timely because in Moscow this week President Obama and President Medvedev signed a successor to the strategic arms reduction treaty. Over seven years, it will lead to a fairly dramatic reduction in the number of warheads held by the two countries, limiting each to an arsenal of between 1,500 and 1,675 weapons. That is something we heartily welcome, and which we might not have thought possible two or three years ago.

The debate is also timely because the UK has an extremely strong record in this area. Since the cold war we have reduced our nuclear firepower by 75 per cent. Since 1997, we have reduced the number of warheads by 50 per cent., and I think all Labour Members, and for that matter all members of the Labour party, take

particular pride in that. The UK's firepower now represents less than 1 per cent. of the global total. Worldwide figures for nuclear weaponry are now the lowest since the 1950s. Indeed, as my right hon. Friend said, the next five-yearly review conference of the non-proliferation treaty will be in 2010—next year—so it is timely for us to be looking at such issues.

As my right hon. Friend pointed out, there are some strong reasons for a degree of optimism. Not only did we see the agreement between the United States of America and Russia this week, but we also have President Obama's clear and unambiguous pledge to seek ratification of the comprehensive test ban treaty. As my right hon. Friend the Prime Minister pointed out earlier this year, there is probably greater optimism about wider ratification of the treaty than there has been for some considerable time.

Other countries have played a notable role. I single out two. Since Brazil joined the non-proliferation treaty in the 1990s, it has provided energetic leadership around the world, in particular in Latin America. The UK has had a strong, high-level bilateral commitment with Brazil since 2007. Similarly, when South Africa decided to change its position on nuclear weapons, it too took up energetic leadership on such issues around the world, and we want to work closely with South Africa on them. We also have strong bilateral relations with Russia in that regard and are keen to continue that work.

My right hon. Friend was right to point out that early on, before the non-proliferation treaty came into force in 1970, many academics in the UK and around the world believed that by the early 1970s the number of countries with nuclear weapons would rise to between 25 and 30. However, there are now 189 members of the treaty and only three countries stand outside it, so there are reasons for optimism, but as has been pointed out, there are significant reasons for concern too.

Everybody in this country and the rest of the world who has seen the news about North Korea this year is concerned about the situation there. With a second nuclear explosion in May, North Korea has shown open defiance of its obligations. I am glad that the United Nations moved swiftly, and the Security Council provided an unambiguous response. Similarly, Iran continues to enrich uranium in open defiance of numerous Security Council resolutions. Let me make it absolutely plain that we as a country and a Government want further cuts in stockpiles in all countries that retain nuclear weapons.

The world community is presented with a significant new problem, or challenge, by the expansion of nuclear energy. We need to make sure that there is security in the production of fissile material, and that countries moving towards nuclear energy options—often in response to rightful climate change concerns—are doing so for peaceful ends.

There are key issues that we need to address. First, we want a strengthening of the mechanisms and institutions that surrounded the issue of non-proliferation. We want to make sure that there is early and absolutely certain detection of clandestine activity in countries around the world. If we had been able to detect that more certainly in the case of Iran, we might have been able to provide a far clearer and far earlier response from the international community, but we also point out that Iran has no opportunity to move beyond its obligations, and the international community stands firm in response to what Iran has been doing.

We need to strengthen enforcement, because where there is early cognisance of clandestine activity that could be used to move towards producing nuclear weaponry, there should be robust sanctions, as there have been in the cases of North Korea and Iran. There should be tough consequences for those who seek to withdraw from the non-proliferation treaty, and we want to clarify article X of that treaty. We are interested in the proposals that have come from the European Union, and we want to make sure that the clarification goes ahead; we will work with our allies to make sure that it does. It is clearly important that we secure fissile material. One of the greatest dangers to security around the world is the possibility of rogue states or rogue organisations gaining access to fissile material. For that reason, we have doubled our contribution to the funding of the International Atomic Energy Agency nuclear security fund.

The Government believe that the prospects for the comprehensive test ban treaty—an issue raised by my right hon. Friend the Member for Edinburgh, East—and, for that matter, a fissile material cut-off treaty, are brighter than they have been for a good many years. We will continue to make a powerful case for all states to sign up to, and ratify, the comprehensive test ban treaty. We also want talks on a treaty to cap the production of fissile material for explosive military purposes to be under way by early next year. Nationally, we will continue our groundbreaking work with Norway and the non-governmental organisation VERTIC—the Verification Research, Training and Information Centre—on the science of verifying warhead reduction. We will host a conference for the nuclear weapon states on confidence-building measures, including the verification of disarmament, later this year, in September.

My right hon. Friend referred to Trident, as did my hon. Friend the Member for Stroud (Mr. Drew), who is not now in the Chamber. Let me make it clear that the decision made was to begin the concept and design work required to make possible a replacement for our current ballistic missile submarine fleet, and to maintain the option of using the Trident D5 missile beyond its current life expectancy. That does not mean that we have taken an irreversible decision that commits us irrevocably to possessing nuclear weapons for the next 40 to 50 years. Nor does it mean that we have decided to "replace Trident", as my right hon. Friend the Member for Edinburgh, East put it. It is true that, as I have said, we have decided to begin concept and design work to make possible a replacement for the platform, but that is not a replacement for Trident itself. That is not a decision to which we are committed for ever and a day.

Of course, we would be happy, if it seemed appropriate, to place our small proportion of the worldwide nuclear arsenal on the table as part of a multinational process of disarmament. Indeed, we very much hope that there will be further moves towards multinational disarmament, and we would very much want to be part of those negotiations. I point out to my hon. Friend the Member for Stroud that bearing in mind that our nuclear arsenal amounts to a mere 1 per cent. of the global total, we do not believe that a unilateral decision to make it impossible

[Chris Bryant]

for us to maintain Trident beyond its current life expectancy would make the dramatic difference that some suggest it would.

I am grateful to my right hon. Friend the Member for Edinburgh, East for the opportunity to clarify these matters. I end by quoting from a speech made by my right hon. Friend the Prime Minister earlier this year, when he said:

"Now in 2005 the Non-Proliferation Treaty Review Conference failed. We cannot afford to fail next year"—

when the next review conference comes around. He continued:

"So as we approach the 2010 Review Conference I want us to renew and refresh for our times the grand global bargain, the covenant of hope between nations at the heart of the Non-Proliferation Treaty. It is a bargain under which we reaffirm the rights and responsibilities for those countries which forgo nuclear weapons. But it is also a bargain under which there are tough responsibilities to be discharged by nuclear weapon states, for as successor states we cannot expect to successfully exercise moral and political leadership in preventing the proliferation of nuclear weapons if we ourselves do not demonstrate leadership on the question of disarmament of our weapons."

That was what the Prime Minister said earlier this year. We will be publishing soon a document entitled "The Road to 2010", in which we will lay out a credible road map to further disarmament because we, like my right hon. Friend the Member for Edinburgh, East and my hon. Friend the Member for Stroud, want to live in a world that is free of the fear of nuclear weaponry.

Question put and agreed to.

5.26 pm

House adjourned.

Westminster Hall

Tuesday 30 June 2009

[MR. DAVID AMESS *in the Chair*]

Repossession and Mortgage Arrears

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Blizzard.)*

9.30 am

Dr. Vincent Cable (Twickenham) (LD): I am glad to have an opportunity to return to a subject on which I have introduced several debates in the last few years, including one six months ago and an Opposition day debate a year ago. The subject is immensely important because, of all the victims of recession and economic crisis, the people who have the greatest difficulty are those who lose not only their job, but their home, with all the consequences that has for family distress, local homelessness and the availability of emergency and social housing.

Two things have happened in the last six months that merit a return to the subject. First, the Government have introduced a wide range of measures, many of which we on these Benches, and indeed other hon. Members, called for. Citizens Advice, Shelter and other organisations acknowledged that such measures have had a positive impact. A lot has been done in the form of the pre-action protocol, the income support for mortgage interest scheme, the mortgage protection scheme and the home owners mortgage support scheme. I propose to review the progress of those schemes.

From the outset, I acknowledge that many initiatives have been introduced. However, some have been more successful that others. The mortgage protection scheme has not been particularly successful. I understand that the latest monthly figures on that so far rather embarrassing scheme were due to appear this morning; in fact, I think they were to be published at midnight. If I were a conspiracy theorist, which I am not, I would wonder why they did not appear before this debate. We shall no doubt hear how that scheme is progressing. There is a lot to report, and I hope that the Minister will be able to update us.

The other reason for reviewing the matter after a period of months is to take a rain check on what is happening with underlying trends as the schemes affect repossession and its consequences. In the short run, there is some good news in that the Council of Mortgage Lenders has revised downwards its estimate of the number of people whose homes are likely to be repossessed this year from, I think, 75,000 to 65,000. It acknowledges that that is at least partly because of the intervention of Government schemes. There is also a worry that although such schemes are stabilising the position in the very short term, we are storing up even bigger problems for next year and the year after.

In periods of recession, many things happen on a time lag; for example, unemployment lags behind the economy in general. Unemployment continues to rise, and the problems of repossession and arrears lag behind unemployment, so we are dealing with something that has a very long fuse. Many people who deal with housing needs are worried that the problem will worsen badly next year and the year after. There are several reasons for believing that, one of which is that, even if the economy were to recover in a conventional sense, we would expect interest rates to rise. The fact that we have historically low interest rates—at least at base rate level—is one of things that is alleviating the problem at the moment. That is not something on which we can continue to count.

In addition, what seems to be happening through the pre-action protocol and other interventions is that many of the problems are being dammed up. Good practice and forbearance by the courts and mortgage lenders are rightly keeping some of the problems at bay, but eventually they will have to be dealt with. There will be a flood of repossessions when the delays are worked through. The Government's schemes are temporary, and there is a concern about what will happen when that period ends.

Some interesting and slightly worrying analysis has been conducted by a Mr. Shepherdson, who is the former chief economist at HSBC. He believes that, taking all those factors into account, repossessions may well be running at more than 100,000 a year by 2011. There is a worrying level of delayed reaction. It is useful to have this debate at this stage because we can flag up that problem in advance and be clear about whether the Government have thought through their emergency actions and what has to happen next.

Bob Spink (Castle Point) (Ind): The hon. Gentleman has raised a crucial matter and he is absolutely right: it is timely that we consider it now because of the importance of a stitch in time. It is right to try to prevent avoidable repossessions—in the interest not just of individuals and their families, but of society as a whole. The Government have introduced some schemes, but pre-repossession protocol is only a discretionary requirement on judges. Does he agree with me and the content of early-day motion 34 in saying that we should encourage the Government to put that protocol on a statutory footing, so that we know it exists and judges will have to obey it? That will mean that we can avoid repossessions where possible.

Dr. Cable: I agree with the hon. Gentleman. I hope that I have signed his early-day motion. If I have not, I will do so. He makes a good point, to which I will come shortly. It is true that the majority of judges seem to be taking the matter seriously, but not all are. There are many gaps in the protocol, and I will elaborate on that in a few moments.

The other trend to which it is worth referring is the growth in negative equity. In a perverse way, that is helping to alleviate the problem of repossessions because, as long as banks and other lenders can see that there is negative equity, they are less likely to repossess property on which they will make a loss. In the short term at least, market forces alleviate the problem, but negative equity is a major issue that is growing.

Some interesting figures produced at the beginning of last week by the credit agency Fitch estimate that currently about 10 per cent. of home buyers are in negative equity, and in some parts of the country—the midlands and city centres such as Birmingham, Manchester and elsewhere—the figure is probably up to 30 per cent.

[Dr. Cable]

That is according to a narrow measure, which does not take any account of sub-prime lending. A wider measure that takes account of negative equity in relation to actual loans suggests that 15 per cent. of loans are in negative equity. That is at a time when the housing market has not yet adjusted to the level that many analysts and, I think, the Government themselves consider likely: a 30 per cent. fall from the peak. On average, we are currently talking only about a 20 per cent. fall. The market suggests that it is likely that negative equity could well increase in severity. When that happens, further problems will build up.

The figures that I have mentioned exclude the extreme problems of the sub-prime mortgage market, which we have in this country as well as in the United States. Analysis by organisations such as Shelter and Citizens Advice suggests that there are probably about 750,000 sub-prime mortgages out there. Some 20 per cent. of the borrowers of those mortgages are seriously struggling. I was horrified to see that 40 per cent. of all sub-prime borrowers resort to other forms of borrowing, such as credit cards, to maintain their mortgage payments. A big, subterranean arrears problem is building up which is not captured in the figures of the more reputable mainstream lenders.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate the hon. Gentleman on securing this important debate. Sub-prime lenders have been particularly active in recent years in encouraging people to exercise their right to buy in relation to local authority or housing association property. Many hundreds of people face repossession, and the irony, or even tragedy, is that the local authority whose house they once rented has no statutory obligation to rehouse them when they are repossessed because they are considered to be intentionally homeless, not having exercised due caution in applying for loans that they could not afford.

I agree with every word that the hon. Gentleman has said so far. Does he believe that the Government or local authorities could do more in such cases, which could add up to a couple of thousand of the 100,000 cases of people losing their home that he predicts in the next year or so?

Dr. Cable: The hon. Gentleman is right, and I will go on to deal with that a little more when I speak about the mortgage rescue scheme. The way in which the schemes are currently defined suggests that local authorities are required under the Government rules to house only those people who are homeless in a narrow sense. As he implies, and he is absolutely right, many councils apply homelessness rules in a restrictive way because of their desperate shortage of housing stock. Indeed, many people who bought their home from the council will now find themselves homeless, unable to live in the home that they once rented. That is a double tragedy that we have all seen in our constituencies.

Mr. Philip Hollobone (Kettering) (Con): I congratulate the hon. Gentleman on his wonderful speech, which I am following closely. I am particularly grateful to him for mentioning the curse of negative equity. I want to highlight the fact that there are regional variations in the figures. There are real problems in areas such as the east midlands, where my constituency is located. The Fitch numbers that he mentioned show that 15 per cent. of home owners in the east midlands, and as many as 24 per cent. in the town of Northampton, are suffering negative equity. In many such constituencies, unemployment is now 80 or 100 per cent. higher than it was 12 years ago, so there is real pain and hardship in blackspots across the country.

Dr. Cable: That is certainly true, and many of us are aware that unemployment levels have doubled or more in our constituencies—albeit from a low level, but the increase has been alarming. The hon. Gentleman is also right that towns and cities in the east midlands are often the most affected. He mentioned his constituency but I believe that Northampton, Peterborough, Derby, Nottingham and Lincoln, for reasons that are not totally clear, appear to be affected worse than other parts of the country. I would guess that there was a temporary over-supply, and that private developers were too aggressive and underestimated the potential extent of a downturn in the market. He is right to draw attention to local variations.

Perhaps I could proceed from that point to review each of the elements in the Government's intervention one by one. As I acknowledged at the outset, they have cumulatively had an impact and have generally been welcomed by people who deal with homelessness and the consequences of repossession.

The pre-action protocol was something that my colleagues and I specifically called for more than a year ago. I recall asking the Prime Minister about it in the Chamber. The Government have delivered a programme that gives the courts guidance to ensure that mortgage lenders take proper account of the circumstances of the borrower. It requires lenders to look at other options, involves financial advice and treats repossession as a last resort.

So far, there are some positive indications about the operation of the programme. The majority of judges appear to be taking it into account. There is feedback from a survey done by Shelter and Citizens Advice that more than half the mainstream lenders have adjusted their lending behaviour to take account of the improved court procedure, although, regrettably, only 20 per cent. of sub-prime loans invoke such a response. Having said those positive things about what has happened so far, it is fair to acknowledge that there are serious limitations on the scheme. Many of us hope that the Government will build on what they have already done.

First, lenders do not respond at all in a significant number of cases. That is particularly true in the sub-prime area, but not exclusively so. There appears to be no provision to deal with lenders who are wilfully non-compliant. Some lenders take no notice whatever of guidance from judges. They press for repossession and make no effort to help their struggling borrowers. What is probably required is a fresh round of guidance from the Government on how to deal with non-compliant behaviour by lenders. Perhaps the Minister in his reply could give us some indication of whether there will be any follow-up action.

Under that general heading, there is an acknowledgment that the pre-action protocol has exposed serious weakness in mortgage law in some key areas. Colleagues and

others may wish to develop that point. There are two problems in particular. One is the extent to which a large number of borrowers are now exposed to repossession as a result of second charges, many of them for fairly trivial amounts of consumer borrowing, yet they face the loss of their home. The lack of protection in that area is palpable.

Then there is the kind of case that many of us are encountering in our constituencies in which there is default on a buy-to-let mortgage not by the resident but by the property owner. Large-scale default is taking place in the case of buy-to-let mortgages, and many tenants are being thrown out of their property at short notice. The Government have given some indication that they are preparing to legislate to provide more protection. It would be useful if the Minister were to give some indication about how and when that is due to happen.

My hon. Friend the Member for South-East Cornwall (Mr. Breed) suggested in the context of the Banking Bill a particular formulation for a new legislative framework to help buy-to-let tenants. Have the Government had an opportunity to review it, and how do they react to it as a legislative proposition?

To summarise, the initiative has been welcome, but there are severe limitations, and, of course, it has built up a pipeline of arrears cases without necessarily solving them.

Secondly, we move on to the mess of the mortgage rescue scheme, which is probably the least successful of the Government initiatives. The concept is an attractive one: enabling people to stay in their home as tenants or in a shared ownership arrangement. That is much preferable to existing rent-back arrangements in which some private landlords behave in a somewhat disreputable way towards people who have entered informal rent-back arrangements that are not properly regulated.

In theory, the Government's scheme is attractive and we should welcome it. When it was introduced, we were told that it had the potential to help some 6,000 people. At the end of April, only two applications had been approved, which I know is a source of some embarrassment. Is the Minister in a position to tell us what the number is as of this morning? Numbers were supposed to have appeared today.

There are two big problems with the scheme as the Government are currently administering it. One is extreme complexity. All the financial advisers who have guided people with arrears problems into it have reported that whereas a private rent-back arrangement probably takes about a week to set up, which may be because some operators cut corners, the Government's scheme appears to involve a five-month process, which is extraordinary. It is excessively legalistic, and I wonder what the Government are doing to streamline the exercise.

The other problem area is the one that we have already heard about from the hon. Member for North-West Leicestershire (David Taylor), which is that many families are excluded by a tight definition of homelessness. I have written to the Minister for Housing about a particularly bad case in my constituency of a father who has predominant responsibility for a daughter, but in the messy, complex arrangements that now exist for families that are breaking up, not full responsibility. He is not protected under the council's—ultimately, the Government's—definition of homelessness. What are the Government doing to make their definition of accessibility to the scheme more flexible? Clearly, there have to be some limits, but can they be applied more sensitively to make people in real need eligible for the scheme?

Mr. John Leech (Manchester, Withington) (LD): I congratulate my hon. Friend on securing the debate. Does he agree that to gauge the effectiveness of initiatives such as the mortgage rescue scheme, we need to ensure that the Government hold accurate records? The Minister for Housing assured me, in a written answer on 17 June, that only one household in Greater Manchester had been ineligible for the mortgage-to-rent and shared equity option, yet when I spoke to a person in Greater Manchester who is dealing with inquiries, I was assured that the vast majority of people who have inquired about eligibility have been told that they are not eligible for the scheme.

Dr. Cable: I understand that in April and May there were discussions around the country involving about 800 families. Such discussions are useful because they provide a way of delaying and possibly heading off repossessions. None the less, of those 800, only a tiny fraction are considered eligible, such is the tight definition of the rules. My hon. Friend's experience in Greater Manchester is similar to that of other hon. Members around the country. That is why I am pressing the Minister to indicate that the Government are a little bit more open to flexibility in that area.

Thirdly, the mortgage support scheme, under which various lenders help in rolling up interest—in effect, to defer arrears problems—gives families facing short-term unemployment an opportunity to ride out the recession. The problem, which is reported to us by the voluntary organisations dealing with it, is that nobody is quite sure which lenders are operating the scheme and which are not. There is a strange kind of secrecy hanging over the scheme. There are no published data on which mortgage lenders are co-operating and which are not. Perhaps the Minister will clarify the Government's position and tell us why there is no published list.

I gather that GE, which is one of the more controversial lenders and which has not been part of the scheme, is now saying that it will be part of it, but there is nothing in writing and no indication about when that involvement is to start. In addition, some of the small building societies are not parties to the scheme. Why is the list not published? Can there not be some indication about which lenders are involved in the scheme, simply to help the various advisers in citizens advice bureaux and other places, so that they know who is co-operating and who is not? That would make their lives and those of people in arrears easier, because at the moment there is something of a lottery and a great deal of uncertainty.

Fourthly, and finally, I should like to mention the ISMI scheme—income support for mortgage interest—which everybody concerned with this business accepts has been the most successful of the Government's initiatives. The origins of that scheme lie in the fact that despite the urgings over the last two decades, few people have been able or willing to obtain mortgage protection insurance policies. Only 17 per cent. of all borrowers are covered by insurance, which is why, in a period of downturn

[Dr. Cable]

such as the one we are in, large numbers of people are exposed. Bringing mortgage payments within the social security system provides a necessary fall-back for people in difficulty. There is some uncertainty about that. Perhaps the Minister will clarify the Government's thinking. I understand that a two-year maximum is applied to the scheme. We are not yet two years into the crisis, but an awful lot of people in long-term unemployment will find themselves in severe difficulties once the scheme terminates. Do the Government have any flexibility in terms of the periods of time involved?

David Taylor: Is not the prime reason why 83 per cent. of people—to use the hon. Gentleman's figure—do not take out mortgage protection insurance is that they read about the widely reported cases of the difficulty experienced among the 17 per cent. of people who do take out such insurance, when trying to claim on the insurance that they think they have, because of the hard-line and narrow interpretation that insurance companies sometimes place as barriers to legitimate claims made when people have problems with their mortgages?

Dr. Cable: The hon. Gentleman is quite right. An Office of Fair Trading review of payment protection insurance established that there was substantial overcharging in many cases, and poor consumer protection arrangements. The fact that people did not take out such policies is understandable.

If we in this country continue our preoccupation of ensuring that as many people as possible are owner-occupiers, perhaps we should try to ensure that in future mortgage borrowers are insured through a market mechanism of some kind. I was going to mention that later, but perhaps this is a suitable point at which to do so. Some interesting proposals are flying around. One is based on the Canadian model of pooled insurance—pooled guarantees—and another, called the home sale guarantee scheme, is being seriously considered. I hope that the Government are taking that matter seriously. The underlying philosophy of all those proposals is that an element of guarantee and insurance has to be involved in mortgages. The existing payment protection insurance schemes are not working, as the hon. Member for North-West Leicestershire rightly says.

In conclusion, I shall move on from the four schemes that the Government have introduced and look a little bit further forward and discuss how the underlying problems will be addressed. Repossession is only really a problem because of the underlying lack of available housing, particularly social housing. If social housing was freely available, repossession would not be the tragedy and disaster it currently is. Are the Government, working with the charitable bodies, doing any research at the moment on what happens to people whose homes are repossessed? I do not think that any of us know where those people actually go, although anecdotal evidence suggests that most of them go into the private rented sector, which of course presents problems of its own. Many people go into the private rented sector because they can then get housing benefit, which they found more difficult to get as owner-occupiers, but many of them are still in considerable difficulty.

There is still an issue about how to ensure greater availability of affordable housing in the long term. Yesterday, the Prime Minister, in his statement, gave an indication that more money will be brought forward, stitched together from various other departmental budgets, to increase the availability of social housing. That is welcome, as far as it goes. I understand that the Housing Minister is due to make a statement this week indicating that councils will have greater flexibility in their housing revenue accounts, to enable them to build more council houses of a traditional kind. Will the Minister confirm that that is correct? Will we have a statement about it and will the Government move on the issue?

Another development is taking place on which it would be useful to hear the Minister's thoughts. I understand that the biggest leap forward in the housing supply is now likely to happen in the form of institutional private investors—pension funds and insurance funds—putting their money into private rented accommodation, some of which could then be managed by local authorities or other registered social landlords, with a share of property being available for social renting, much as we have had through owner-occupier developments in the past. Do the Government welcome that trend? Are they looking at the role that social landlords can play in collaborative arrangements with private developers producing private rented property? Have they thought through some of the legal implications? Is it part of Government long-term planning?

My concluding thought is that the Government have introduced some useful initiatives. They have undoubtedly alleviated the threat of repossession for probably thousands of people, but in many cases the problems are being postponed. We are building up a crisis that will probably reach maturity in a year or two. I want to use this debate primarily to persuade the Government to think ahead rather than looking back, and to consider how to deal with the problem when the crisis builds up in magnitude, as it surely will.

Mr. David Amess (in the Chair): If no Back-Bench Members want to speak, I call Sarah Teather.

10 am

Sarah Teather (Brent, East) (LD): I presume that hon. Members will stay and intervene, or the relatively new Minister will have to make an extremely long speech.

I congratulate my hon. Friend the Member for Twickenham (Dr. Cable) on a thoughtful and helpful contribution. He has been at the forefront of raising the issue over a number of years, and I am sure that the Minister's predecessor recognises that that has been extremely helpful in pressing the Government to make it an important priority. My hon. Friend said that his purpose was to review progress and to encourage the Government to think long term, which is important. I acknowledge that some of their actions have been helpful, but it is vital to look ahead and not merely to think about how to get through the next nine months before the general election. Whatever policies are put in place must help people in 2011 or 2012 when some of the problems will, unfortunately, still be working their way through the system.

I wholly agree with my hon. Friend's analysis. The Council of Mortgage Lenders has downgraded its prediction of the number of repossessions, largely because

of low interest rates, but some of the Government's interventions have helped. However, we are storing up difficulties, particularly because, as he said, we have the long fuse of unemployment. I am certainly seeing that in my constituency where we were not particularly affected by the first round of redundancies in the City, but later redundancies in the retail sector have had an effect. During the next 12 or 18 months, that will work through into other sectors, such as architecture and building. The problems are working their way through the system.

There has been an impact in areas with high migrant populations. Many Polish workers have gone home, and that has had an impact on the rental market, which has then had an impact on those with buy-to-let mortgages. Some of those problems are also working their way through, and it could be another 12 months before we see the full extent of them.

The hon. Member for Kettering (Mr. Hollobone) spoke about his constituency and negative equity. Although many families are in negative equity, it affects certain areas in particular. For many people, it will have no impact because property prices may rise again and they may have no intention of moving, but if they come off a fixed-rate mortgage and interest rates rise, people who have been accustomed to switching their mortgage to get the best deal may not be able to do so. If they are still in negative equity and interest rates continue to rise, a further wave of people may get into arrears and difficulties leading to repossession.

My hon. Friend spoke about other aspects of borrowing, particularly on credit cards. Many people who face difficulties with arrears are juggling their finances by borrowing on credit cards. Credit card companies often shout loudest, and those who get into difficulties with their credit cards often face repossession sooner because they prioritise paying off their credit card instead of dealing with their mortgage, which is more important to their security because it affects their home.

The Government have introduced a plethora of schemes, many of which are welcome, but many are small and target particular groups. Even with the CML's downgrading in the number of repossessions, we are still likely to see 65,000 repossessions this year, and if my hon. Friend's more gloomy predictions are correct, in a year or so that number may rise again to 100,000. An enormous number of people will fall through the net of the Government's different schemes. The mortgage rescue scheme, which I will return to, was intended to help only 6,000 people, which is a drop in the ocean of the number of people who face repossession. It has failed to help almost everyone to whom help was promised.

I agree with my hon. Friend that ISMI has been the most successful scheme and certainly the most welcome, and its extension to an earlier stage is important for many people who face difficulties, but it does not help those with savings of £16,000 or those who have a partner who is working. If two people are paying the mortgage and one is made redundant, they are not eligible for ISMI. The Minister may say that other schemes can help, but the patchwork of schemes helps small groups of people and there are enormous holes in the net through which people are falling. Many banks—perhaps 50 per cent. of lenders—are not signed up to the mortgage support scheme.

The fact that the mortgage rescue scheme has helped only two families so far is laughable, and I hope that the Minister agrees that it is ridiculous to have a scheme that is so tightly drawn that we ration through bureaucracy rather than the amount of money that is available to help people. We must make the scheme considerably more flexible. Because of the cap on the overall level of borrowing, councils such as Islington have made use of the Government's scheme, but have supplemented it with their own finance to ensure that people in areas with high property prices are eligible. I hope that the Minister will say more about that, because in the long term it may not be sustainable, particularly for councils in London.

My hon. Friend spoke about the tight definition of homelessness, which the hon. Member for North-West Leicestershire (David Taylor) also mentioned. The scheme is targeted at those who would meet the council criteria of homelessness, which all MPs know leaves an enormous number of people in difficulties. A lone man, for example, would be outside the category, and most people would be classed as being intentionally homeless. The Government must try to make the scheme more flexible so that people do not have their hopes raised only to find, three or four months into the application process, that they are not eligible. My hon. Friend the Member for Falmouth and Camborne (Julia Goldsworthy) told me that a constituent had spent months on the application process, having been told at the beginning that she would be eligible, and stored up arrears during the process, only to find at the last minute that she was not eligible for the scheme. The problem was worse than it would have been had she not applied in the first place.

The pre-action protocol contains most of the interventions and criteria for which we have been arguing, but it lacks teeth. My hon. Friend the Member for Twickenham and the hon. Member for Castle Point (Bob Spink) said that although it is welcome and helpful, the courts do not have the legal power to intervene and to enforce the protocol. If a lender defaults on anything in the protocol, the courts can do nothing. I have been pressing the Government for some time to accept that mortgage law reform would be more sensible, and much of the detail could be put into guidance. Shelter has been arguing that we should also reform mortgage law to deal with tenants in buy-to-let properties. If we merely gave courts the power to intervene, many of the other issues could be put into guidance; it is not necessary to put everything into primary legislation.

Mortgage law is incredibly outdated—it is mired in its 18th and 19th-century common law origins—and the Financial Services Authority is not doing enough to regulate poor practice. As my hon. Friend mentioned, many mortgages are not covered by the FSA. Second charge mortgages and any mortgage entered into before October 2004 are not regulated through the FSA. That applies to buy-to-let mortgages as well.

We also still have foreclosure on the books. That remedy has no place in modern mortgage law and I hope that the Minister agrees. It may be little used, but the mere fact that it is still available, especially at a time when we face many more repossessions, is a reason in itself for the Government to amend mortgage law. By dealing with that issue, they could do a great deal to help the people who will fall through the net in the next 12 months.

[Sarah Teather]

I mentioned that changes in employment practice, particularly in areas with many rented properties, affect people who have bought to let. As I said, I have seen that in my constituency. Many Polish workers have gone home in the past two or three months, so many rented properties have been left empty for months at a time and many landlords are getting into arrears. Many of those people have bought the property on a buy-to-let basis. They are not necessarily big developers; they may have bought only one property, perhaps as an investment for their pension fund. They are most likely to have done so through a sub-prime mortgage. It is one thing if the property is empty, but if the property is then let and the landlord is still in difficulty, the first that the tenant knows about that, unfortunately, may be when they come home to find the locks changed.

The Minister's predecessor said that he was keen to act on that issue, but the Government have not acted on it yet. Many tenants are finding themselves in that difficulty and it is an urgent problem. I hope that the Government will not delay further in acting for tenants of buy-to-let properties. As I said, the most sensible way to deal with the problem would be to give the courts the power to intervene. They could then enforce a notice period at the point of repossession so that families had an opportunity to look for other property. It is also important that we ensure that lenders send unaddressed notices to the property as many times as possible to raise awareness of the situation among tenants. Of course, many lenders may not be aware that the property is being let. Unfortunately, people often let a property without the lender's permission and then they get into difficulty later, so what I have described has to be done at the stage of repossession. I hope that the Government will consider reforming mortgage law so that that happens.

Bob Spink: The hon. Lady makes a lot of sense and I congratulate her, the hon. Member for Twickenham (Dr. Cable) and the Liberal Democrat party on introducing the idea of the pre-repossession protocol and pushing it heavily until the Government took it on. Does she think that the Government could do more to issue guidance to ensure that council housing departments treat people who face repossession, or who know that they will face repossession, with more dignity and more humanity, because often they are put through the mill by council housing departments that do not allow them to have that dignity?

Sarah Teather: Unfortunately, an enormous number of people who face homelessness, regardless of the cause, are put through the mill by council housing departments. I do not think that that is unique to people facing repossession. I am not sure that they are treated any worse than someone facing eviction by their landlord. I see many cases in which people are basically expected to turn up at the council's doors with their children in one arm and their suitcases in the other, and that is the first time that they will get any help from the council. They may be working to try to prevent homelessness during that period, but they have no assurance that they will be rehoused until they turn up at the housing department's door with all their belongings in tow.

Unfortunately, as my hon. Friend said, that has as much to do with housing supply, and particularly the supply of affordable housing to rent, as it does councils supposedly being heartless. If, as in my constituency, 20,000 families are on the housing waiting list and there is only the possibility of 1,000 families a year moving, the rationing criteria will inevitably seem extremely heartless to the other 19,000 families who face the misery of not being able to get the home that they need.

With regard to what happens after properties are repossessed, we need to increase the supply of affordable housing to rent. We were expecting an announcement from the Minister for Housing today—I presume that it will be made at the Local Government Association conference, unfortunately, rather than in the House—and we hope to hear about the review of the housing revenue account. However, I was disappointed that in the list of Bills that the Government said that they might introduce in the Queen's Speech later this year, no housing Bill was mentioned. The much-lauded reform of the HRA, whereby councils would be able to keep their rental and sales receipts, clearly means sweet Fanny Adams when we look at what the Government are actually going to do.

I read the Prime Minister's statement yesterday and saw that the word "consult" appeared before "reform", which filled my heart with lead, as the Government have been consulting on the HRA for a very long time. Surely now is the time to implement the changes that everyone has been calling on them to implement. I do not think that they can do that without putting it in primary legislation. Perhaps the Minister will challenge my belief and tell me that they can, and that they will do it before the end of the summer, or at least introduce that policy in the autumn, but I fear that I and all my constituents and everyone else on the waiting list—the 1.8 million families—will be sorely disappointed.

10.17 am

Justine Greening (Putney) (Con): I congratulate the hon. Member for Twickenham (Dr. Cable) on securing this debate on an incredibly important topic. As I am sure he is aware, the Opposition have recently held two debates on housing to raise similar issues on the Floor of the House, because we too feel that we need to put a stake in the ground to ensure that the Ministers who are taking decisions think about the problems that constituents up and down the country face daily.

Whenever the country is in a recession, people have two fundamental worries. They are worried about losing their job and they are worried about losing their home. That is ultimately what things boil down to. I will talk about some of the underlying issues relating to how we can support the economy and support housing, but the main subject of the debate is the Government schemes that have been introduced and whether they are working effectively.

Clearly, there is a massive problem of repossessions. Although, as we have heard, the Council of Mortgage Lenders has just revised its forecast for the number of homes that it expects to be repossessed in 2009 from 75,000 to 65,000, that is still 65,000 families throughout the country whom the CML feels will lose their homes by the end of the year. It is still a massive number.

In addition, Shelter has said that it is seeing a huge rise in the number of families and people coming to talk to Shelter about mortgage arrears. There has been a 250 per cent. increase in the number of queries to its free helpline in the past year and an 85 per cent. rise in the number of calls it receives about repossession specifically. When I met representatives of Shelter last week, they raised concerns, much as the hon. Member for Twickenham did, about the fact that we should be very careful not to regard announcements such as the one by the Council of Mortgage Lenders projecting a lower level of repossessions than previously forecast as a kind of respite or message that the storm is passing.

One has only to read today's papers to see that many commentators are raising the prospect of a "W recession", which makes sense in terms of repossessions in many respects. Many of the repossessions that we have seen do not involve people who have lost their jobs and fallen behind on their payments—we may not have reached that stage yet. The repossessions that we have seen often involve people who have taken out highly geared mortgages—perhaps more than 100 per cent.—as part of fixed-rate, short-term deals. When the credit crunch happened, those deals came to an end, and people were unable to find similarly good deals to keep their mortgage payments at the same level. They saw massive rises in their mortgage payments at a time when they could least afford it.

Indeed, the retail prices index of inflation was also high last year, and a lot of our debates in this place were about the rapidly rising cost of living. On top of that, the subsection of people I am talking about saw their mortgage payments rise and they struggled, but ultimately failed, to find deals that were as good as those that they had found a few years earlier, when lenders were still happy to build their mortgage books through aggressive lending. As we have seen, such business models led many lenders into huge trouble and ultimately to come to the British taxpayer to be bailed out.

We should be careful to see the problems of those different groups of people as having fundamentally separate causes. One group got good, highly geared mortgage deals, but could not find the same deal a couple of years later when their short-term rate came to an end. More worryingly perhaps, the other cohort—many commentators, including Shelter, have flagged this up—involves the more traditional repossessions that we see in a recession.

As we have heard, repossessions are often a lag indicator, alongside unemployment. Unemployment has risen dramatically, and all sorts of forecasters, including the OECD, expect it to continue to rise dramatically. We have only to walk down our local high streets and parades of shops to see that small businesses are increasingly under pressure. We hear an awful lot on the news about big companies shutting down with large job losses, but, underneath all that, a plethora of other jobs are being lost every day of the week because small firms are going out of business.

There is a worrying rise in repossessions, and we should be cautious not to assume that the recent downgrading of the forecast for this year will be the end of the story. If interest rates rise again, a range of fresh pressures—not least job losses and interest rate rises—may, unfortunately, put more pressures on families who are finding it hard to keep up their mortgage repayments.

Of course, my party welcomes any measures that can be introduced to help families navigate their way through what is the most stressful experience for any family—the prospect of losing their home. We have already heard comments about the schemes that the Government have introduced, but it is only right that I should add my comments as the Opposition spokesman.

Obviously, the mortgage rescue scheme has been disappointing. It was announced with much fanfare in September 2008. It is a substantial £285 million scheme, which aims to help 6,000 families. As the hon. Member for Brent, East (Sarah Teather) said, help for 6,000 families is obviously welcome, but we are talking about a comparatively small proportion of those affected—probably less than 10 per cent. of even the reduced figure for repossessions that the CML is forecasting for this year. Furthermore, 6,000 is the number who are to be helped over two years, although the latest figures that we have—I hope the Minister can update us—show that just two families have been helped after four months, which is disappointing.

It is clear from the debate that if we are serious about introducing schemes to help people stay in their homes, we have to understand how those schemes work and whether they work effectively. The mortgage rescue scheme seems to involve a huge amount of bureaucracy, which is the message that comes through whether one talks to local authorities or, as I have, to constituents who are looking at whether they are eligible. The message is that the process is lengthy and complicated.

When we raised these issues in a debate a couple of weeks ago, it was surprising to hear that the Government do not seem to keep that many statistics. Who will be able to take advantage of the mortgage rescue scheme? Who is in the pipeline? Where in the country are they? How many people are close to being able to access the scheme? Unless we are willing to track its performance more meaningfully, it is difficult to find out whether it is working effectively, and we end up finding out that it is not working only four months down the track, when we see that just two families have been helped. We all want these schemes to work, so I hope that the Minister can talk a little more about how the Government will monitor the mortgage rescue scheme's effectiveness and whether they plan to review it. That would be very much appreciated.

The mortgage support scheme was announced in December 2008, but it was not launched until April 2009—four or five months later. We have flagged up our concerns about whether lenders that should have signed up to the scheme have actually done so. We need more transparency on that from Ministers. As the hon. Member for Twickenham said, key lenders, including some building societies, are not signed up. That is deeply worrying. We would like to hear from the Minister which lenders are still not signed up and what efforts the Government are making to encourage them to do so.

Hon. Members have commented on the pre-action protocol, but I want to make some slightly different observations about how it is working. The protocol could help, but the way in which different lenders deal with their customers is hugely variable. This has not been discussed today, but I would like to hear from the Minister about the extent to which the Government are looking at the role of the FSA and the "treating customers fairly" regime, which, as he will be aware, has just been subsumed into the FSA's general ARROW—advanced,

[Justine Greening]

risk-responsive operating framework—assessment of lenders. I would also like to know whether arrears are being effectively dealt with.

I have asked parliamentary questions to find out whether the "treating customers fairly" regime was up and running and to find out about the ARROW assessments, which that regime is now part of. Is it the FSA's judgment that banks are behaving fairly? The picture is very opaque. Does the Minister feel that there should be more transparency about what the FSA is looking at and about its views? I understand that two lenders are on the ARROW watch list following assessments by the FSA, but it is impossible to find out which two. The more data there are in the public domain, the better able customers will be to decide whether they want to transact with certain companies in the future. Most people who get a mortgage will want to know that the lender will be there for them not just in the good times, when they want a good deal, but in the bad times, when they need help.

We have also talked about the ISMI scheme. Again, the fact that it is now available earlier is welcome, but there are concerns about eligibility and accessibility.

To conclude, the real solution to the problem of repossessions is to get the economy back up and running. In particular, I urge Ministers to support small businesses around Britain, because they are most vulnerable to the recession we find ourselves in. We have been urging the Government to consider the steps they can take to help small businesses, such as reducing national insurance for the smallest businesses, enabling them to defer paying VAT, and simplifying their capital allowances structure so that we can reduce the small companies rate of corporation tax.

Will the Minister take a careful look at how business rate rises affect small companies? If we can keep them going, or help them to keep themselves going, that is the best way to stop repossessions, because it will keep people in jobs. It is when people lose their jobs that they become most susceptible to losing their homes.

Given the debate that is taking place in the House today, I urge the Minister to tell us more about the housing announcements that we have been hearing about. As the hon. Member for Twickenham said, affordability underpins the entire issue. The reason why many people have had such huge and highly geared mortgages that now, in an economic recession, they find it hard to continue paying is the fact that lack of housing stock pushed up prices. There are fewer housing starts in Britain now than at any time since the 1920s.

Every year since this Government have been in office less social housing has been built than in the preceding 18 years. That is disappointing. A range of Government measures is needed, and the Opposition have made proposals to ensure that starting rates of social housing will go back up. That will make sure that there is more affordable housing. Supporting housing and jobs is the best way, in the longer term, to minimise the underlying risk of repossessions, whatever the economic weather.

10.32 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Ian Austin): It is a pleasure to serve under your chairmanship this morning, Mr. Amess. I congratulate the hon. Member for Twickenham (Dr. Cable) on securing this important debate and thank all the hon. Members who have taken part; I shall try to respond to the points that they made. It was a pleasure to listen to the hon. Gentleman's speech and it is a privilege to be replying to someone who has won the respect of Members in all parts of the House and, much more importantly, of members of the public. In this debate he has displayed the sure-footedness and nimble feet that we would expect from Westminster's best known ballroom dancer, and the depth of knowledge and thoughtfulness of someone who has been contributing to the economic debate in this country for probably more than 30 years, as a special adviser to previous Governments, in local government, as a senior economist in the private sector and now, of course, as one of the leading figures on his party's Front Bench.

As you can imagine, Mr. Amess, in preparing for the debate, I wanted to see whether among the dozens of publications in the hon. Gentleman's name there was anything written by him on housing. I can report that he has gone from contributing to the "Red Paper on Scotland" in the 1970s to the Green Book more recently, and seems to have covered every other subject on earth in between, from "Regulating Modern Capitalism" to "Globalization: Rules and Standards for the World Economy". He wrote "The Role of Handicrafts Exports: Problems and Prospects Based on Indian Experience" and even "Evaluation of the Multifibre Arrangement and negotiating options", which sounds like a riveting read, and which I look forward to reading if he will lend me a copy. Unfortunately, I have to report that I could not find anything on housing, but I think that we would all agree that he has more than made up for that this morning in the second debate on the issue that he has secured this year. I am grateful to him for that because it gives me the chance to report on the progress that has been made.

In these difficult times, as Members of all parties have pointed out, families need extra support and help. They need a Government who are on their side, providing help for them to stay in their homes and to avoid repossession at every stage, from free debt advice at the moment when problems start, to free legal advice at courts throughout England on the day of the repossession hearing. The Government have an excellent track record on preventing homelessness and have acted decisively to help households struggling with their mortgages to ensure that, wherever possible, they are able to remain in their homes. We can all imagine the horror of losing one's home and the devastating impact that that must have, so I reassure the House, and families throughout the country, that we are determined to help as much as possible. I promise that we will do everything in our power to ensure that no household demonstrating to the bank a willingness to pay must face the fear of repossession of the family home.

Households must clearly talk to their lenders as soon as possible if they are facing financial difficulties. Since the autumn, we have put in place a framework of protections and universal help, as well as targeted schemes for households in different circumstances. We have enhanced help through the benefit system, and we have put in place the mortgage rescue scheme, which hon. Members have discussed, and the innovative homeowners mortgage support guarantee scheme. The legal protections for

home owners have been strengthened so that lenders can repossess their home only as a last resort, and options to help them stay in their home must be explored first. Lenders are required to treat borrowers fairly, so people should not be afraid to talk to them as soon as they think they are going to have difficulties making payments. There is free, independent advice on the help available to keep them in their home. That is markedly different from the delayed reaction in the 1990s, when lenders were relied on to respond, without financial support and leadership from Government.

I want to emphasise the importance of looking at the package of help that we are providing as a whole, to appreciate the positive impact that it is already having. Every repossession is a tragedy for the family, and all the figures and statistics will be no consolation to those who are affected, but it is still worth pointing out that the current figures provided by the Council of Mortgage Lenders show that the number of repossessions in 2008 represents about 0.34 per cent. of all loans. That means that, despite the fact that more than 1 million more households now own their own home, the numbers affected are proportionately smaller than in the 1990s. The CML has already said that its forecast of 75,000 repossessions this year looks pessimistic in light of Government intervention.

In answer to the question from the hon. Member for Twickenham, the Government are working with Shelter, the National Debtline and the CML to research what happens to households post-repossession. That is part of a package of work agreed through the Home Finance Forum. The CML has also reduced its figure for repossessions, and that revision is a direct result of the action we have taken, in combination with low interest rates and other actions to support the economy.

I want to talk a little more about the universal and targeted help that we are providing, and the impact that that is having in helping people to keep their homes. The first step to avoiding repossession will be forbearance by the lender and the opportunity for a household struggling with a mortgage to agree more manageable monthly payments. Most people who are facing difficulties will be able to agree a solution with their lender. We have put in place Financial Services Authority regulation of lenders, which, since 2004, requires lenders to treat customers fairly, and to treat repossession as a last resort.

FSA regulation is supported by the new mortgage pre-action protocol, introduced in November 2008. That sets out clear guidance to the judiciary on what steps the courts expect lenders to take before bringing a claim in the courts. That ensures that lenders have discussed other alternatives with the borrower. There are early signs that the protocol is having a positive impact. More borrowers are approaching lenders earlier to discuss options, and Ministry of Justice figures show a 42 per cent. drop in mortgage repossession claims issued in the first quarter of 2009, compared with the first quarter of 2008. We have also provided extra funding for debt advice, including a £6 million additional investment in National Debtline telephone advice, to March 2011, which will help up to 70,000 people per year who are suffering from debt problems, and £10 million to Citizens Advice, to March 2010, to expand face-to-face debt advice capacity and so help an additional 500,000 people.

Even at the latest stage, when a possession case has reached court, repossession is not inevitable, and getting advice and support can help households to remain in their home. We now have universal access to advice desks in courts in England, providing free, on-the-day legal advice and representation to people facing repossession or eviction hearings.

Justine Greening: May I take the Minister back to his earlier comments? He will be aware that the "treating customers fairly" initiative, which was supposed to become mandatory in December, has been embedded in the ARROW core supervisory assessment. That is all well and good, but the by-product is that we did not discover in December whether lenders had complied with the initiative. Will he give us an update? Did lenders comply with that regime before it was subsumed into the core supervisory work?

Mr. Austin: I shall provide more details later in my speech.

People now have universal access to advice desks in courts throughout England, which provide free legal advice and representation to those facing repossession. Last year, more than 34,000 households accessed that free advice.

Depending on their circumstances, households may benefit from a range of schemes to reduce their monthly mortgage payments to a level that they can afford. We have put support in place through the benefits system that includes support for mortgage interest, or SMI, payments being made to customers' mortgage interest payments.

In January, we extended the scheme to provide even greater support for home owners. We doubled the capital limit for loans to £200,000; we reduced the waiting period so that households now receive help 13 weeks after claiming benefits; and we froze the standard interest rate used to calculate the amount of SMI awardable to customers at 6.08 per cent until December 2009. Some 220,000 households benefited from SMI last year, and we expect up to 10,000 extra households to benefit from further changes over the next two years.

We have put in place a mortgage rescue scheme, under which the local authority can step in, over two years, to support some of the most vulnerable households facing repossession, allowing them to remain in their homes. A housing association will buy an equity stake in the property to reduce mortgage repayments to a manageable level, or buy the property in full and rent it back to the household at a lower than market rent. The scheme has been available from all participating local authorities since 1 January 2009, following the successful fast-tracked delivery of the scheme in nearly 80 authorities last year.

I reassure the hon. Member for Twickenham that he can do away with his conspiracy theories. However, he might want a quicker researcher. The figures were published at 9.30 am today. They show that more than 5,000 households struggling with their mortgage received free advice from their local authority in the five months from January. By the end of May, more than 200 households had benefited under the mortgage rescue

[Mr. Ian Austin]

scheme, which stops the immediate threat of repossession and freezes charges, and a further 295 households are at the assessment stage.

We are now focusing intensively on ramping up take-up and accelerating processing times. We are determined to ensure that help through the mortgage rescue scheme is available to all who need it. We are listening closely to feedback from our delivery partners, money advice agencies, local authorities and registered social landlords, and we are responding flexibly. We have already amended the scheme to include second charge loans and households in negative equity. We will continue to keep the scheme under review.

Dr. Cable: The Minister said a few moments ago that 200 families are now being helped under the mortgage rescue scheme. Does that mean that we have gone from two to 200 in a month—that 200 have been rescued—or that 200 are under discussion, which is very different? How many families have completed agreements under which they are being rehoused?

Mr. Austin: The important thing about the scheme is to recognise that families receive help at various stages, and are prevented from ending up at the final point. To judge the scheme only on the numbers that come out at the other end is to undersell its importance. As I said, 200 households have benefited from action under the mortgage rescue scheme, which stops the immediate threat of repossession and freezes charges. A further 295 households are at the assessment stage.

Sarah Teather: I understand what the Minister says, but I hope that he remembers the example that I gave of a colleague's constituent. The family had been all the way through the system, during which time it had built up further arrears, but only then was told that it was not eligible. The process of applying, which took two or three months, had made things worse, yet at the end of it the family was told that it was not eligible.

Mr. Austin: As I said earlier, we are talking to all the participants in the scheme to see whether we can accelerate it.

I can now respond to the hon. Member for Twickenham. The number of families that have received help at the final stage has increased from two to six. There were four completions in May, which shows that the impact of the scheme is accelerating.

Justine Greening: I am grateful to the Minister for giving us those figures at long last. Does he have a figure to show the split for local authorities? I presume that the data are being collated by local authorities. I know that many Members would be interested to know how many of their constituents were at the various stages of the process. Would the Minister place that information in the Library?

Mr. Austin: I do not have those details with me, but I shall check. If we can make them available, we will do so.

Financial help is available from local authorities, with the £20 million for the preventing repossession fund that was announced at the last Budget. It will enable local authorities to offer households small loans to prevent repossession or eviction. The fund is available to anyone threatened with homelessness through repossession or eviction. For example, it could be used to clear mortgage or second charge arrears in appropriate cases if it prevented repossession. Financial assistance through small loans will allow money to be recycled, which can help other households in the local authority area.

Homelessness prevention funds have played an integral part since 2003 in the fall of over 60 per cent. in the number of households being accepted as homeless. We also launched the homeowners mortgage support in April, to help homeowners remain in their homes if they fall on difficult times. The scheme enables eligible borrowers to reduce their monthly interest payments to affordable levels for up to two years to help them get back on track with their finances if they suffer a temporary income shock. All lenders offering HMS will have the financial backing of a Government-backed guarantee that will protect the lender if the customer ultimately defaults on the mortgage.

The hon. Member for Twickenham asked for details of the lenders involved in that scheme. Lenders covering about 80 per cent. of the mortgage market are now providing enhanced support for those of their customers who may be facing difficulties. Lenders offering HMS from 21 April include the major high-street lenders Lloyds banking group, which includes HBOS and Northern Rock; the Royal Bank of Scotland, which includes NatWest, the Ulster bank and Bradford and Bingley; Cumberland building society; and the National Australia bank group, which includes Clydesdale and Yorkshire banks and Standard Life.

A number of other major banks, building societies and specialist lenders have confirmed that they will offer their customers HMS as soon as possible. They include the Bank of Ireland, which includes Bristol and West and the Post Office; GMAC Financial Services; GE Money, which was referred to by the hon. Gentleman; and Kensington Mortgage company. All lenders offering HMS will have the backing of a Government guarantee to protect the lender if the customer ultimately defaults. Four other high-street lenders—Barclays, HSBC, Nationwide and Santander—are now offering comparable arrangements to their customers. I hope that I have answered the hon. Gentleman's question.

The scheme is still in its early days, but more that 17,000 households have accessed information on HMS since its launch. We want to see lenders offering the scheme to help as many households as possible, in order to avoid repossession, and we are working with lenders to ensure that all households for whom HMS is the most appropriate option are able to gain access to it.

These difficult times are affecting not only home owners but tenants, as was pointed out by the hon. Members for Twickenham and for Brent, East. The present difficulties also affect tenants renting from borrowers who default on the mortgage. That affects only a small number of households, but that does not make it any less just. We have therefore taken measures to address the problem. Civil procedure rules were changed so that, from April, buy-to-let tenants get up to seven weeks' notice, which is up from the present two weeks, if their landlord's mortgage defaults.

We need to do more, however, to ensure that all tenants are better protected, regardless of whether their tenancy has been authorised by the landlord's lender, as is usually the case in a buy-to-let mortgage agreement.

Last May, we announced our intention to legislate at the earliest opportunity to fill a gap in legal protection for private tenants whose landlords suffer repossession by ensuring that they receive adequate notice to vacate the property, regardless of whether their tenancy has been authorised by the landlord's lender. We shall consult on our proposals over the summer with a view to legislating at the next opportunity. In the meantime, we are working closely with lenders to improve their current practices when they find an unauthorised tenant in a property of which they are seeking possession. Any tenant who is concerned, or who has received notification of a court possession hearing, should seek advice immediately. They should contact the mortgage lender taking repossession action and attend the hearing so that the judge is aware that there is a tenant in the property.

The hon. Member for Brent, East asked about HRA reform. Later today, when my right hon. Friend the Minister for Housing announces the outcome of the review of council housing finance, he will also outline proposals to allow councils to keep all the proceeds from their own council house sales, as well as their rent.

Sarah Teather: I want to clarify that point. That is when the outcome of the review will be announced, but when will it actually be implemented? As I said, I could not see any housing Bill in the advance legislative programme.

Mr. Austin: As I said, my right hon. Friend will provide further details later.

The hon. Lady also asked about mortgage law. The Ministry of Justice has been reviewing it in response to concerns raised in connection with the Horsham case, which received some media attention last year, as she will recall. It will announce its conclusions shortly. Both she and the hon. Member for Putney (Justine Greening) asked about FSA regulation. I can assure them that the Treasury continues to keep regulation under review.

Sarah Teather: I am trying to help the Minister, because he has had to make a very long speech. The Government promised some time ago to regulate private buy-back and rent schemes and to bring them under the auspices of the FSA, but they still have not done that. Does he have any news on when that will happen?

Mr. Austin: In a rare moment of candour, I can tell the hon. Lady that, despite the fantastic induction into the Department given to me over the past few weeks, I do not have that information, but I shall find out and come back to her.

In conclusion, the Government are working day and night to do what is required to help households through these difficult times. We need to ensure that, wherever possible, families do not have to suffer the trauma and upheaval of repossession. People need to be reassured that we shall do everything possible to help all households at risk, so that they can benefit from the package of help that we have provided. We shall continue to put pressure on lenders to ensure that they support their customers, to strengthen and accelerate the delivery of the schemes that we have put in place, and to ensure that households know where to get help if they are struggling. At every stage, we shall show that their Government are on their side.

10.53 am

Sitting suspended.

Forensic Science Service

11 am

Mr. David Amess (in the Chair): Unlike the last debate, when we did not have enough colleagues to fill the time, it appears that we now have a number of colleagues who wish to participate in this debate. I should like everyone to have a chance to speak, but it is up to hon. Members to determine how many I can call.

Mr. Lindsay Hoyle (Chorley) (Lab): It is a pleasure to see you, Mr. Amess, in the Chair for this very important debate. I am pleased to see that we have before us the same Minister who announced the reorganisation of the Forensic Science Service. His announcement came the day that we had a change of Home Secretary—a good day, it seems, to get bad news out. Members of Parliament were not given any prior warning of the news. In fact, we had the media on the phone telling us what was happening. That is not a good way for the Government to do business; in fact, it is a very poor way.

Let us set the background of where we are at and from where we go. Of course the announcement was bad news. We are talking about a review of seven sites. I hope that the Minister will stand up and apologise to hon. Members. The Home Secretary has taken the trouble to say sorry for not giving advance warning, but why should he apologise? He knew nothing about it. The decision was made while one Home Secretary was going and another was arriving. I hope that the Minister stands up now and apologises so that we can see what a decent chap he is. Does he wish to stand up? No. I think that that sums it up. That tells us everything about how this matter has been handled. It has been pretty appalling, has it not?

On 8 June, the Forensic Science Service launched a collective consultation in readiness for reorganisation of the business. As I have said, the timing of the announcement was particularly good—as one Home Secretary departed and another took office. It was a good day to bury bad news. In light of the Minister's timing, I hope that he will be able to provide very comprehensive answers to all our questions, and that he will not simply hide behind the argument, "Nothing to do with me, guv. This is an operational matter for the FSS." We do not want to hear that. This is about ensuring that crimes are solved in the future.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate my hon. Friend on securing this important debate. I raised this issue in the House on 11 June, just days after the announcement. To be fair to the Minister, who is a decent man of integrity, he wrote to me a day or two later, giving me the statement for which I asked. However, I was alarmed by what the letter said. Will the Minister agree, when he winds up, that the decision has been inevitable for a long time? His predecessors have undermined the ability of the FSS to perform to its full potential by actively encouraging profiteers in a service that should be about public interest and not commercial gain. That is the concern of Labour Members, who have been raising the matter for months and months. Now we see that up to 800 jobs may be going, which is appalling.

Mr. Hoyle: I totally agree with my hon. Friend, but this has been going on not for months but for years. This Minister has not approached me or other MPs. We were in regular contact with the Minister who used to have responsibilities for the FSS, the Under-Secretary of State for the Home Department, my hon. Friend the hon. Member for Hackney, South and Shoreditch (Meg Hillier), and we discussed all the issues with her. There were discussions from start to finish. What has changed? We now have a Minister who does not believe in Back Benchers. What we have is a technocrat. We have stopped doing politics because good politics is about talking to Back Benchers and to the representatives of the sites that are down for potential closure. That is what politicians should do, but technocrats do not do that; they just accept decisions. I hope that the Minister will prove me wrong and show that he is not a technocrat and that he is going to do politics, because it is about time that he did. I am disappointed in him because all the other Ministers took the time and the trouble to speak to us and explain what was going on and the rationale behind the decisions. Unfortunately, we have not seen that from this one. If the Minister wishes to intervene, I will give way at any point so that he can clarify his position and why he has taken a different role to others.

Kate Hoey (Vauxhall) (Lab): Does my hon. Friend agree that not only did the previous Minister meet us to talk courteously about the matter, to try to get us to understand where the Government were coming from, but she also offered to go with us to visit some of the facilities, particularly the one in my constituency in Vauxhall?

Mr. Hoyle: I would welcome this Minister to Chorley. I hope that he does not pass judgment and allow things to happen without visiting sites and understanding the quality of the work that takes place, and the importance of that work. This decision is about privatisation. I have now found out that the chief executive is leaving and a new one is about to come in. He is Mr. Simon Bennett from QuinetiQ—[Hon. Members: "Oh no!"] We all know about QuinetiQ and how to become a billionaire: run a business, privatise it, fill up the bank account and off we go. Is that what is really behind the decision? It seems very strange that the chief executive who announced the closure programme and set out the rationale for it should be replaced. Surely the new chief executive should be the person who reviews the situation of all the sites—unless there is a hidden agenda, and I think that we should tease out that hidden agenda. The Minister must be up front and honest with us.

The Forensic Science Service states that as a consequence of the reorganisation, there is likely to be a headcount reduction of some 30 to 40 per cent. of the total work force. That change will take place over the next 18 months. It is against that backdrop that I applied for the debate, and I want to highlight my concerns about the Chorley site and the impact on the whole of the Forensic Science Service.

The Forensic Science Service is a leading provider of analysis and interpretation of evidence from crime scenes. It provides a comprehensive service from crime scene to courtroom and analyses more than 120,000 cases each year. It is the market leader in the supply of forensic science to the police and coroners in England and

Wales. It is also a supplier to places such as the Isle of Man, the overseas territories and other Commonwealth countries. It has a global reputation for excellence in the development and deployment of new and advanced techniques. Its heritage and expertise also provide the basis for world-class training services.

David T.C. Davies (Monmouth) (Con): As someone who supports the free market, may I say that I share the hon. Gentleman's grave concerns about the limits of such a decision and about allowing private companies to provide evidence that could be used in murder trials? He has been critical of some Ministers, but will he pay tribute to the Chairman of the Home Affairs Committee, who has said that we will have an emergency investigation of this matter in the next two weeks, before the recess? I hope that the hon. Gentleman will encourage anyone with relevant evidence to come before that Committee to make a strong case for keeping the FSS open.

Mr. Hoyle: I welcome that very important news. It sends a simple message to the Minister: stop anything going ahead and stop the plans now to allow that Committee to do its vital work. We welcome that news and I hope that the Government take heed of what has been said. It is on the Minister's shoulders. It is no use him saying, "It's not me, guv." We do not want bully boys in suits. We want to ensure that honesty comes across in this Chamber, and for him to take on board what we have to say. We want him to listen, and to learn from previous mistakes. QinetiQ is a big mistake.

David Taylor: The Minister's letter of 17 June has been mentioned. I genuinely believe him to be honest and open. In it, he said:

"We are committed to FSS' survival as a core player in the forensics market and a vital part of the Criminal Justice System, and are investing considerably in the transformation programme."

It is true that there is considerable investment, but I was disappointed with the words "a core player"; it should say "the core player". The FSS ought to be the dominant player—it sets standards of professionalism and it is a beacon. It is a great pity that forensic science has been fragmented in a way that will allow the FSS to be sold off in three years' time, which is the plan.

Mr. Hoyle: I cannot disagree with my hon. Friend. In fact, the problem is that the small players in the market are cherry-picking the work. That is what it is about. We know that the FSS is second to none in the world. Cases that would not otherwise have been solved have been solved by the FSS. Do we really believe that private companies will go back to cases from 30 or 40 years ago to solve murders, rapes and other serious crimes? The answer is no. It is because of the professionalism within the FSS that that can be done.

The FSS has held the evidence and is ready for the day when it can solve those cases. The private sector will not do that. We know what the private sector is about: it is about making money and answering to shareholders, not answering to victims of crime. The danger is that the move is a charter for criminals, and the Minister needs to be aware of it.

Mr. Edward Vaizey (Wantage) (Con): The hon. Gentleman makes his points extremely effectively, but I hope he will not lose sight of the fact that many small practitioners, some of whom are based in my constituency—I hope to talk about them later—have been affected by many of the Government's changes to the FSS. They make an incredibly valuable contribution to forensic science.

Mr. Hoyle: Of course there are private companies that can do a job and pick up some of the work. There is lots of work out there. The one thing we know is that criminals will continue to come up with new ways to commit crime, which therefore have to be fought. Some work can be put out to private companies, but we are talking about the core of the business.

Mr. Philip Hollobone (Kettering) (Con): The hon. Gentleman makes a powerful case and I am following his argument closely. He is absolutely right about the importance of forensic science. In Northamptonshire, 47 per cent. of all theft and motor vehicle crime detections, 30 per cent. of theft from motor vehicle detections and 48 per cent. of detections of burglaries from dwellings are a direct result of fingerprint and DNA analysis.

Mr. Hoyle: I totally agree with the hon. Gentleman.

Mr. David S. Borrow (South Ribble) (Lab): My hon. Friend is rightly proud of the forensic science work that is done in Euxton in his constituency, but does he agree that there is a partnership between the work at Euxton and the excellent work that is done at the university of Central Lancashire? It has one of the best forensic science courses in the country and was recently featured in a television series. Does he also agree that the proximity of those facilities is key to ensuring that we maintain that centre of excellence?

Mr. Hoyle: I cannot disagree—my hon. Friend is absolutely correct. It is about bringing together the know-how of the FSS based in Chorley and the university of Central Lancashire, which specialises in forensic science degrees, and about building up the expertise. The joke is that the FSS has just built those links with the university, only for them to be thrown out. That is ridiculous. There is a centre of excellence at the university and an FSS centre of excellence only 10 miles away. Why would anyone consider closing the latter? It is common sense not to, but obviously the lack of common sense is coming through, and it is a charter for criminals. That is what the Government are proposing. That is why they have got to think long and hard and withdraw from their decisions, which will have a serious impact for all of us. My hon. Friend is spot on.

The FSS also pioneered the development and implementation of DNA technology, and it paved the way for establishing the world's first DNA database, which was launched in April 1995. It has also led the way in helping to solve cold cases. As I said, that service is not to be underestimated, given the advance of technology.

The FSS has seven primary sites around the country. It is important to ensure that there is a geographical spread. As we know, the service has to be close to the scenes of crimes, because evidence does not last for ever. In fact, in a recent case, the scientists had to leave Chorley and get to the scene of a crime because it was pouring down, and the blood was disappearing and the evidence was being washed away. If forensic scientists are two hours away from such a crime scene, how is the crime going to be solved? The answer is that it is not.

[Mr. Hoyle]

Do we know what we are doing? Have we really thought this through? Are we assisting criminals to get away with murders, rapes and assaults? That is what we will be doing if we continue down this road. I hope the Minister reconsiders the matter very quickly and abandons the plan now.

I visited the Chorley site recently and once again saw evidence of the success of the FSS. There is a young, vibrant work force who work with older scientists, who pass on their knowledge. There are hundreds of years of expertise. Just because someone opens a shop, it does not give them the expertise. Expertise is about passing on knowledge and the best working practices historically. All that will be lost.

Of course, Chorley's services range from drugs to the coding and detection of footwear, which is very important in solving a lot of crimes. Mobile phone expertise and electronic forensics are the latest things. They can detect whether someone who is in a serious car crash was using their phone. It can detect people who are dealing on the telephone or people who hold paedophilic images. A mobile phone can convict people. Which site deals with such things? Chorley. Which site do the Government want to close? Chorley. I presume that the Minister has considered the matter. Again, we do not want to hear, "It's not me, guv. It's them down the road. I'm only the Minister." We want to hear what the Minister is going to do to ensure that we continue to put paedophiles behind bars where they belong. That is what we are talking about and why the matter is so serious.

On hearing the news of the job cuts, I was very concerned about the effect on the Chorley work force. Does the Minister want to intervene?

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell) *indicated dissent.*

Mr. Hoyle: Okay.

The news is sad. I was also horrified by the news, which was announced through Prospect, that three sites—Chorley, Chepstow and Priory House—were proposed for closure. It will come as no surprise to hon. Members that that was a damaging blow to staff morale at Chorley and the other sites. The employees at Chorley have expressed how devastated they are, because they are dedicated to preventing crime and bringing criminals to court. They are not interested in shareholders' profits; they are interested in ethics and putting criminals behind bars.

I was amazed by the subtle shift from the FSS. We started with a consultation about a headcount—that is what we were told—which then became a consultation about the proposed closure of three sites. Why those three sites? Why does the consultation not cover the seven sites? Why should we shut any site when we need a geographical spread? We need to return to that issue. I certainly do not want people to lose their jobs. We cannot put a price on stopping and solving crime, but the message seems to be that we will save money at the cost of allowing criminals to get away.

We have gone from a consultation on a headcount reduction to a consultation on a reduction by three sites. In a letter to me dated 8 June, Bill Griffiths, the FSS chief executive, referred to a headcount reduction, but he made no specific reference to the closure of Chorley or any other site. Chorley was not up for closure at that time, and I do not know whether Bill Griffiths knew that he was going to be replaced at that point, but it all seems very strange. Dates and people are moving all the time.

I met Mr. Griffiths on Monday 22 June. Once again, no mention was made of the closure at Chorley as part of the consultation that would start the process, yet two days later, on Wednesday 24 June, the proposed closure was announced via Prospect. We have still not heard any confirmation. Did the Minister phone up any Member here? Did anyone have a letter off the Minister to tell them what is going on? No. Yet previously, we were informed. What is the difference between Ministers such as my hon. Friend the Member for Hackney, South and Shoreditch and this Minister? Is it arrogance? Is it that he does not want to talk to Back Benchers? Are we not worthy of being spoken to?

It seems strange that different Ministers have played such different roles: from full contact, full conversation and engagement to zero. That is what we have had: zero contact and zero engagement. That is not good enough, is it? I hope the Minister will explain why he does not think that it is worth speaking to Back Benchers, when previous Ministers did.

How can an organisation operate in such a manner? How can that be right? I believe that the FSS's proposals are misguided and will severely limit the organisation's ability to support the police, the Crown Prosecution Service and the coroners in solving crimes and investigating deaths. The Chorley site acts as a central hub for the police forces of Greater Manchester, Merseyside, Lancashire, Cumbria, Cheshire, North Wales and North Staffordshire, and sometimes for parts of Derbyshire. Those areas have the highest crime rates outside London, and Chorley enjoys an excellent working relationship with their police authorities. Chorley also works with the Isle of Man, which I do not believe has been consulted. Neither have the coroners. A population of about 8 million will end up with no forensic science site, yet we know that Manchester and Liverpool are a major crime hub.

The geographical location of the Chorley site plays an important role, as the police can bring vital evidence there to be examined, which helps solve serious crime cases where early detection is required. For example, in drugs cases, the forensic science team at Chorley, which specialises in such cases, is asked to respond within hours of receiving a sample. The police wait for it to be analysed in order to get criminals into court. If they have to travel two hours to the west or three hours to the south, how will they achieve that? It cannot be done. That is why I say the proposal is a criminals' charter. We will not be able to get evidence to court on time. That is why it is so serious. I am not just using rhetoric—these are the facts.

The Chorley team's ability to respond quickly plays a major part in bringing serious offenders to justice. The police will be unable to operate in their usual fashion if Chorley is closed down. Members will remember the tragic death of Garry Newlove, who was beaten to death outside his home. We know that not getting evidence is a danger. It was the Chorley Forensic Science Service that detected the evidence, ensuring that the

thugs who did it ended up in jail. The team were up against the clock. The judge was almost willing to give way and allow the case to be dismissed because evidence had not been produced. That is the importance of the Forensic Science Service, and that is why we must ensure that evidence is kept close to where the cases are. Can we really allow a decision to be taken that could restrict the police's ability to bring vicious killers to jail? What alternative arrangements are the police expected to make when urgent examinations must be undertaken?

The FSS in Chorley also played a crucial role after the 7/7 London bombings. Do we really believe that the FSS in London alone could deal with major bombings? The work was distributed among the centres in England and Wales. Unfortunately, the UK is likely to suffer major bombings again, or to help other countries where they have taken place. We need a plethora of Forensic Science Service sites to fight terrorism. Capacity within the system is essential. If sites are closed, the service will not be able to deal with incidents like the 7/7 bombings. I am pleased that notes keep coming from the henchmen behind the Minister.

It is a sad situation. Forensic scientists at Chorley worked on the case of Rhys Jones—a young boy who happened to be walking back from football at the wrong time and was tragically shot. Chorley played a role in the forensic science of that murder as well.

Who played a part in the case of the gangsters in Manchester who have just gone to court? The Forensic Science Service at Chorley. We cannot underestimate that work. We must get on with what we do best. The FSS also deals with drugs and delivers lectures to the police. It works so well, yet we are willing to throw that out.

FSS staff inform me that they are very busy. They are full up with work. It is not a question of spare capacity; the FSS does not have any. It is a busy organisation. The effects will be serious, if we are not careful. The police place great demand on the drugs team at Chorley in solving crimes and putting a value on drugs. It is not just about analysing whether something is cannabis. How strong is it? What is its street value? Is it for a deal or for home use? That information does not come easily; it takes true analysis. Forensic material must be investigated at an early stage.

The FSS does fire scene examinations. In a recent attack in Bolton in which, tragically, someone died and a fireman was seriously injured, the FSS came down from Chorley. Where is the nearest site? There are only two centres: Wetherby and Chorley. Fire scenes must be dealt with quickly. We cannot say, "Oh well, we'll do the analysis tomorrow or the day after"; it must be done immediately. We are risking that.

I mentioned the benefits of having an FSS site near the university of Central Lancashire so that the two can work together. Students can come to the Forensic Science Service at Chorley to build skills for the future. The private sector will not do that for us. Links will be torn apart if the Chorley site closes. We must ensure that that severe blow to the north-west is not allowed to fall. It also threatens the future viability of the national Forensic Science Service team as a whole. An organisation cannot compete successfully with private operators by simply withdrawing from a region the size of the north-west and allowing the private sector to cherry-pick the work. Then people will wonder why the necessary results are not being delivered. We must ensure that we are in the best position for the future.

The closure flies directly in the face of the foundations of the criminal justice system. Evidence should be gathered to prove conclusively an individual's innocence or guilt of a crime. That is what comes from the Forensic Science Service, because that is what it specialises in. Having spoken to staff, I am told that they find increasingly that cases are being dropped not because of lack of evidence but purely because of the cost of analysing it. That is a problem. It is not just small cases; it can involve more serious ones. That will happen even more if the Forensic Science Service is not there. At what point does it become acceptable to say to a person seriously traumatised physically and mentally that it is not worth the cost to bring their attacker to justice? We cannot put a price on that. Although I acknowledge the need to achieve value for money and reduce costs if possible, forensic science should never be about making money. It should be about investigation, discovery and confirmation of facts with a view to bringing those who commit crimes to justice.

Turning to the process leading to the decision to close three sites, I would like to ask the Minister what consultation he has had with the police, the coroner's office and the Isle of Man, and what has come back. Will he share that information with us? Let us not hear, "Not me, guv; it's somebody else." Have the police been alerted to the original proposal for a headcount reduction or the new proposal for the closure of three sites? He might be able to help us with that. What have the police been consulted on—reduction in head count or closure of sites? I have mentioned the importance of the coroner's office and its work.

I made a point earlier about drugs work and the need for a speedy response. It is crucial. Have the police been told about the closure and what effect it will have on the need to turn around forensic science information quickly? It is imperative that there is a detailed impact study that involves the police and all other partners before this decision is taken forward. If not, we will be simply signing a criminals' charter that will reduce the effectiveness of the FSS in responding to the needs of the police when solving crimes.

I turn to the implications for the staff if the restructuring takes place. Staff have been told that career development opportunities will be available as a consequence of reorganisation. I am confused by that statement because they are facing a severe reduction in numbers. Staff will be invited to reapply for their jobs if they wish to remain in the service. That leads to growing uncertainty and will mean that even if their applications are successful, their terms and conditions will change—the decision really is about money. What guarantee can the Minister give that staff will not have to move from one part of the country to another to maintain their jobs? Why would someone based in the north-west move to London to carry out their work? Is there room for them on other sites? The answer is no. Chorley is one of the few sites where the Government owns the land around the facility and could expand it. That should be considered seriously.

This is no way to treat the highly skilled people who have so much to offer and who provide a first-class service in the field of forensic science. The Chorley laboratory has consistently met and exceeded its targets.

[Mr. Hoyle]

The management have been informed that staff loyalty will be rewarded. How will it be rewarded? There is no more loyal and dedicated professional work force than those at the Chorley site. Despite that, they are faced with the awful prospect of redundancy.

The Forensic Science Service provides a mission statement on its website:

"To retain and reinforce our leading position as the principal provider of forensic science to the UK criminal justice system, and use this platform to become the leading provider worldwide, thereby enhancing long term shareholder value."

I am sure that we all share that vision, but the closure of three sites, including at Chorley, is not the way to go about things. I therefore urge the Minister to look carefully at the forensic science proposals and to realise the damage that will be done to the service and to the north-west if the Chorley site closes. I urge him to instruct the FSS to assess its future plans and to abandon its current proposals. As I said, this decision is a charter for criminals. It is about providing work for the private sector.

I hope that the Minister will be honest, answer the points and not hide behind other people. The Government have only one shareholder—we are the shareholder. If they are serious about putting criminals behind bars, they should not proceed with this decision, and they should answer the questions. Thank you, Mr. Amess, for your patience.

Several hon. Members *rose—*

Mr. David Amess (in the Chair): Order. I appeal for short speeches so that I can call all hon. Members with a constituency interest before we start the winding-up speeches at midday.

11.32 am

Mr. Edward Vaizey (Wantage) (Con): I am grateful for your chairmanship and guidance, Mr. Amess. I will be as brief as possible. I certainly do not intend to speak for more than five minutes.

I congratulate the hon. Member for Chorley (Mr. Hoyle) on securing this debate. If I were a Minister, I would think that with friends like that, who needs enemies? Luckily, I am not. After today's outing, I intend to attend any debate that the hon. Gentleman opens or plans to contribute to.

On the Forensic Science Service, there are a number of independent practitioners in my constituency: Dr. John and Kathy Manlove run Manlove Forensics in Grove technology park; Mr. Tiernan Coyle, who lives in my constituency, is the managing director of Contact Traces; and Mr. Roger Robson is the managing director of Forensic Access in Wantage. Those three companies met on Monday to discuss the ongoing saga of the difficulties created by the Government's reorganisation of forensic sciences. I have corresponded with the Minister and asked parliamentary questions on this issue.

To add to the woes of the hon. Member for Chorley, he should be aware that the Government have also got rid of the Council for the Registration of Forensic Practitioners. It was closed even before the consultation on the matter was concluded. It will not surprise the hon. Gentleman that when the Minister stands up to make his concluding remarks he will say, "Not me, guv," about that too. He will claim that the police refused to continue to fund the organisation. However, the registration of forensic practitioners is as important to forensic science as the continued success of the FSS.

In effect, there is now no registration system for individual practitioners of forensic science, including those who work at the FSS. The National Police Improvement Agency is in charge of registration and is using the United Kingdom Accreditation Service to accredit forensic science. However, UKAS will accredit only companies, not individuals. Individuals who work in the FSS cannot get individual accreditation.

The impact of that on small companies, including the three companies that I mentioned, has been massive. Mr. Roger Robson, who runs Forensic Access, says that overall it will have cost him about £35,000 to achieve UKAS accreditation. It cost £1,200 just for his company to apply and £24,000 to get the qualification. UKAS charged £900 a day for consultation work. Such an accreditation service will put many small practitioners out of business.

Another problem is that the National Police Improvement Agency will allow outsourced forensic work to be applied for only in bundles. Therefore, only companies that cover a range of forensic services will be able to tender for such work. To pick up on the remarks of the hon. Member for Chorley, that is a charter for big business. I suspect that his sympathies lie more with small, individual expert practitioners, rather than with huge, multinational private companies that are owned by shareholders. That change is a huge problem for companies such as Contact Traces, which specialises in fibres, and Manlove Forensics, which specialises in entomology.

Those companies have been in contact with Andrew Rennison at the Home Office, and I must put on the record their gratitude to him. The hon. Gentleman is concerned about the lack of response from the Minister, but my constituents have said that they have had good access and constructive discussions. However, I do not wish to create a divide between the Minister and his official. My constituents were told that a "procurement lite" framework was forthcoming on 4 June. Has it come forward? Such a framework is incredibly important as it would allow small, independent practitioners to continue to tender for forensic science work.

Thank you for allowing me to make that short contribution, Mr. Amess. I want simply to get one message across to the Minister: the changes in the FSS have turned what was a world-class service on its head. The hon. Member for Chorley talked about the catastrophic effect they have had on the FSS. I want to emphasise the effect on the hundreds of small practitioners, many of which are based in my constituency, who provide a valuable service, important competition and the narrow expertise that is vital to the ecology of forensic science. I ask the Minister to please not lose sight of those practitioners in carrying out the reforms.

11.37 am

Colin Burgon (Elmet) (Lab): Like my hon. Friend the Member for Chorley (Mr. Hoyle), I declare a constituency interest. There is a Forensic Science Service laboratory in Wetherby in my constituency. My hon. Friend has

covered the ground well. He is right to say that MPs have been treated shabbily. However, the work force has been treated in an even more shabby manner. The trade unions have been frozen out of many of the discussions as this shambolic process has proceeded. I pay homage to the work force in Wetherby. As he said, they are a loyal and dedicated bunch.

This debate points to the absolute failure of the new Labour political ideology. There is a wonderful symmetry between that market ideology and that of the Conservative party. I argue that the introduction of the market has destroyed the FSS. The starting point of that was the McFarland review of 2002-03, which stated that the FSS being the national supplier of forensic science services created a fundamental market distortion. It recommended that competition be stimulated to increase investment. It stated that, in effect, the police form a monopoly customer, which also distorts the market. New Labour's love affair with the market allowed it to go along with such distorted thinking. I am not a believer in the market. I believe that there are areas of our public life, such as education, health and the criminal justice system, that have no place in the market.

Obviously, I have had contact with my constituents in Wetherby, and they want me to flag up some particular concerns. They are concerned that redundancies will result in the loss of many experienced staff from forensic science and that those staff will leave the industry altogether, leaving a skills gap in the future. Will the Minister address that? The staff who will be made redundant are mostly career specialists who have committed many years to forensic science and are going to find it very hard to find comparable employment. What I am really arguing is that all this is bound up with our idea of the public and the private, and about consumers and citizens. I am willing to argue that staff in the existing FSS go the extra mile and spend the extra hour because they feel committed to that public service. That will not be replicated with the great desire to introduce the market into forensic science.

There is a tradition that Ministers run Departments, but I fear that it is the other way around in the Home Office. I have experienced Ministers coming along with crackpot ideas about building a super-prison in my constituency. There were no rational arguments behind those ideas, and it seemed as though there was a force, somewhere behind them, driving that process. I can only presume that the unelected civil service, which we are never supposed to criticise, actually determines the agenda on such matters, so we have got to ask whether Departments are running Ministers. *[Interruption.]* That may be open to debate.

I am aware that several people want to take part in the debate, so I shall end with a few questions. My hon. Friend the Member for Chorley has mentioned that we seem to have a new chief executive, Mr. Bennett, and that there is a connection or relationship with QinetiQ. We have to be careful about this—and let us have some honesty, because, since 2003, when we first met the then Home Secretary, there has been a bad smell about this whole process. If we are absolutely honest, this process has, from day one, been about fattening up the FSS to sell it off eventually as a privatised business. Let us be honest about it. No matter how polite Ministers have been in telling us about things and updating us, that was behind the process.

If we got a bit of honesty, perhaps the Minister would be able to explain a few things. I am looking at something that I got from the Public and Commercial Services Union parliamentary group, which contains some of the information that went to the interview panel for the chief executive position—this is from our Government. It says:

"In order to respond more quickly to the changes in the forensic science market, increase customer focus and improve its commercial competitiveness, the FSS was in 2005 transformed into a Government-owned company. This is intended as a precursor to evolution into a private sector entity, the timing of which depends on FSS' ability to transform itself into a viable, commercial entity."

That is what was laid down before the chief executive, so let us have some honesty. Without honesty, we are going to finish up with the service being sold off to the private sector. It is another QinetiQ waiting to happen.

Let me remind hon. Members that on the day of the QinetiQ company's flotation in 2006, the top 10 managers held shares worth £107 million—

Mr. Hoyle: How much?

Colin Burgon: They received £107 million for an investment of just £540,000. They made £200 for every £1 invested. The Chairman of the Public Accounts Committee, the hon. Member for Gainsborough (Mr. Leigh) was mentioned earlier. He has said that

"senior public servants managing QinetiQ behaved dishonourably. They sold the idea to the MOD of privatising the business without explaining they stood to benefit."

I think there is a horrible smell about this whole process. There is subterfuge and dishonesty, and I think we should stop the whole process and reconfirm our commitment to the FSS staying firmly in the public sector, and to creating a protected market within that sphere.

11.44 am

Mr. Ben Wallace (Lancaster and Wyre) (Con): It is delightful to follow the hon. Member for Elmet (Colin Burgon). I was a director of QinetiQ before coming to this House. I am not a millionaire and I was not part of the seniority to whom money was doshed out, but it is important to bring that experience to bear in this debate because I have seen it before.

The previous speakers are absolutely right—in all my days, including the dark days of the 1980s and 1990s when people talked about Tory privatisation, I have never seen a worse privatisation than that of QinetiQ. I can tell you how it starts, Mr. ′.mess—it starts off with the Treasury, which wants the money. Its fingerprints are all over this, just the same as with QinetiQ. Then a bit of part-private assistance is brought in; that is what they call it. There is a bit of public-private partnership, or the status of the body is changed. Once those people have been brought in, the first thing they do is take the axe to the real asset of the organisation. The only real asset of such organisations are the scientists, whether they are in the defence research laboratories, the Defence Evaluation and Research Agency or the Defence Advanced Research Projects Agency.

But how do people get those departments to become private? They do not incentivise the scientists. They go along to the civil servants, some of whom in QinetiQ

[Mr. Ben Wallace]

had absolutely no qualifications to develop radar or invent some of the amazing things that have kept our country safe, and they give them huge amounts of money. I remember that the marketing director walked away from QinetiQ with more than £1 million, and I think that all she had ever been was a basic civil servant who had never been in the world of advertising or marketing or anything else. They said, "Have a bit of cash and off you go." That was appalling.

It is the Ministry of Defence's fault—there was no conspiracy here; it was the Government's fault—that Ministers allowed the chief executive of QinetiQ not only to negotiate the terms of his and his colleagues' pay package on the winning bid, but to do the negotiations. In the private sector, the shareholders do the negotiations and when they have decided on a preferred bidder, they hand over to senior management to negotiate. With QinetiQ, we had the chief executive recommending to the MOD, "My preferred bidder is the Carlyle Group, and by the way, I have just negotiated a wonderful package that made it important that I choose Carlyle." Those civil servants got 19,000 per cent. in exchange, and who were the casualties at QinetiQ? The same casualties as there are about to be at FSS—the scientists. The casualties were the boffins and brain boxes who had invented so many important things that keep our soldiers safe, that keep our criminals off the street and that our police now use.

These matters cannot be rushed. I know that the Government have been criticised for the way they have handled things, and I am not ideologically opposed to the concept of privatisation per se, but I am a Conservative who believes in pragmatism. That is one of the greatest strengths of conservatism in the world in which I live. Whatever we say, the FSS is not ready to be privatised now or even in the next five or 10 years, and I can tell the House why. The Government have failed to make it a more efficient and better organisation before they have come to privatise it. They have done this the QinetiQ way, thinking, "Let's get somebody in." That person is Dr. Simon Bennett. I am not aware that he, as an individual, was among the equity snouts in the trough. He is a renowned scientist, unlike some of the people who were previously brought in, and I hope that will go some way towards giving comfort to the employees of the FSS. He understands science, and he is internationally renowned, so I hesitate to criticise him.

However, there are ways in which the FSS could be made better. We could encourage the better funding of our police so that they can use its service. We talk about serious crimes, such as rape and paedophilia, but it upsets my constituents that there is no longer any forensic investigation of boring and mundane crimes. If someone's house gets broken into, or their car is vandalised, the response is either, "Do it yourself," or, "Have a crime number for your insurance." That is because the police do not get sufficient funding to allow them to engage in that forensic debate unless it is a murder or a terrorist event. That would help to make the FSS better value for money, and would mean that more of its facilities were used so that it would not be so much under threat.

Police procurement is another issue. We are looking in the wrong part of the Home Office. The way in which the police procure technologies is completely Victorian. Each police force buy their own batons and bullet-proof vests. That is a total waste of money and I do not know why we carry on doing that. It would not be done in any other police forces and it certainly would not be done in the armed forces. We should look at saving money in that area. That would help the FSS to use all its skills, which I know that it does, and would give it a sound base on which to do business.

The reality is that the service is not ready to be privatised and it will not be ready for a long time. I have a number of constituents in Lancaster and Wyre who work in the lab in Chorley. In terms of the awful phrase, "Well, they'll be offered a job in the new location, but if they can't, they'll be made redundant," the hon. Member for Chorley (Mr. Hoyle) and I both know that relocating from Lancaster or Chorley is not an option—it is not like there will be a job down the road. Let us compare this situation with that of those who work for the BBC. When they were offered the option to relocate to the north—to Manchester—a large amount of public money was thrown at them. It is sad that, when it comes to the Forensic Science Service, we will leave these people out to dry.

I say to the Government that the service is not ready for privatisation and that the mistakes of QinetiQ are being repeated. In the end, the loser will be our scientific skill base, which cannot be reinvented or imported over night. If we lose that skill base, the winners will be the criminals.

11.50 am

Jessica Morden (Newport, East) (Lab): I congratulate my hon. Friend the Member for Chorley (Mr. Hoyle) on securing the debate. The matter is extremely important to my constituents who work at the site at Chepstow, which is actually in the constituency of the hon. Member for Monmouth (David T.C. Davies). He has kindly allowed me to make a few remarks on behalf of my constituents.

I am grateful for the opportunity to speak about the future of the site at Chepstow, which has been earmarked for closure along with two other sites in the west of the country. If Chepstow were to be affected, it could result in the loss of the only public sector forensic laboratory in Wales, which houses 170 skilled scientific jobs. The site in Chepstow provides a first-class service and serves the west of the country. Frankly, south-east Wales can ill afford to lose such high-quality skilled jobs in science. It would be a huge shame if Wales were left as the only part of the UK without a base for the Forensic Science Service. What discussions has the Minister had with the Welsh Assembly Government on the issue?

Staff in Chepstow tell me that the office has always performed extremely well within the service. That is demonstrated by the fact that they currently deal with overflow cases—in effect, lab work—from other offices, including from 10 boroughs in the Met, because London labs are often overstretched and cannot meet the turnaround time. That comes back to the point made by my hon. Friend the Member for Chorley about there not being much spare capacity in the system. That certainly seems to be the case from the discussions I have had with constituents who work at the site in Chepstow.

I know that Welsh police forces like the local knowledge that results from the site being based in Chepstow and that they appreciate the ability of staff to be on site

quickly when urgent work is needed at sensitive crime scenes because time is of the essence when collecting evidence. For example, it is crucial that there are services on hand to deal with items that need to go back to the lab within a day. Such services would be affected if the changes went ahead in Chepstow. If the changes proposed in the consultation were to go ahead, presumably forensic scientists from London would be asked to travel to crime scenes in the west of the country—not just Wales—and attend court cases and case meetings with the police in the west of the country. That would add considerably to their travel times, costs and so on—not to mention the already explained difficulties with evidence.

In its presentation to staff, I believe that the FSS said it wished to see a good geographical spread of services, but if the proposals go ahead, that will clearly not be the case for wide sections of the west of the country. My constituents feel that the office in Chepstow has been singled out because it does not have DNA analysis facilities—even though they have explained to me that they could easily house those on site. As my hon. Friend said, there is plenty of room there and they already have the key factor: staff who are highly skilled in DNA analysis on site.

Finally, the constituents to whom I have spoken talk continually about the heavy work load that they have in Chepstow, which is demonstrated by the fact that, as I said, the lab takes on work from other parts of the country. They are also continually offered overtime. Given the excellent service that staff at the FSS provide, they fear that the consultation casts doubt on the ability of remaining staff to maintain the high standard of work because they would be so thinly stretched. Will the changes not simply result in the criminal justice system getting a worse service and more eventually being paid for the service, whatever happens to it in the future? That will be a huge loss, because at the moment we have a world-class operation with a reputation for excellence. I genuinely feel committed to my constituents who work in the service. They are not interested in profits, but are committed to public service and putting criminals behind bars, as my hon. Friend said.

[Mr. Martyn Jones *in the Chair*]

11.54 am

Mr. David S. Borrow (South Ribble) (Lab): I shall make only a couple of comments because my neighbour and hon. Friend the Member for Chorley (Mr. Hoyle) has made a good case for the preservation of the forensic science laboratory in Euxton in his constituency.

The point I want to make is that we have a skills cluster in central Lancashire formed by the university forensic science courses, a forensic team of 30 at Lancashire police headquarters in Hutton, and Euxton forensic science labs, which are a few miles away. The hon. Member for Lancaster and Wyre (Mr. Wallace) made a key comment: we cannot simply close down the labs and assume people will move elsewhere. Forensic science is a specialist area and there are not many areas in the country where people live and do such a job. They cannot move elsewhere. Where there is a cluster of skills, as in Lancashire, it is completely nonsensical to throw that away as if it is meaningless and people can simply get other jobs.

The comment was made that the service is not ready for privatisation. The problem is that if it were privatised, in five or 10 years' time, some accountant would look at it and would not care about the skill base anyway. They would simply say, "Well, eventually we'll move everyone to one, two or three offices and they'll do it all." To them, it would not matter that people who have done 20 years service and who live in Lancaster, Leyland or different parts of Lancashire are not prepared to move several hundred miles away with their families. People do matter, and we must recognise that people who have dedicated many years of their lives to developing particular skills and using those skills to the service of the public have lives, families and partners. We cannot simply snap our fingers and expect such people to disappear from one end of the country because their place of work has been closed down and there are no alternative jobs in that area.

I cannot see any point at all in the closure of any of these sites. I am sticking up for my constituents who work at Euxton, and I will be doing all I can to stick up for the skills cluster that exists in central Lancashire.

11.57 am

John McDonnell (Hayes and Harlington) (Lab): I co-ordinate the Public and Commercial Services Union parliamentary groups. For the past six or seven years, I have been involved in some of the earliest meetings with Ministers to discuss the future of the Forensic Science Service, as have other hon. Members in the Chamber. The issue goes back to when my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett) was Home Secretary, and we have gone through a number of Home Secretaries since then.

The original problem occurred because of lack of investment in the Forensic Science Service. That was a long-term issue during successive Governments. A further problem was that deep in the heart of the Home Office there was an ideologically driven desire to privatise.

The Association of Police Authorities and the Association of Chief Police Officers lobbied to replicate the Forensic Science Service within police authorities themselves, partly for budgetary reasons and partly because of issues relating to practice. Our concerns then were to secure long-term investment and stability for the service. At the same time, we opposed the relocation of the Forensic Science Service within police authorities because of the potential conflict of interest and the professional issues that would occur.

We had successive meetings with Ministers and gained what we thought was a commitment to the investment and the development of GovCo, which would enable the Forensic Science Service to stand on its feet and demonstrate its value. Unfortunately, there were delays even in setting out the processes by which GovCo would be assessed. There have been subsequent delays in delivering the investment and ensuring that GovCo can operate effectively. It is really disappointing that we have yet another threat and another programme: the transformation programme. There will be large job losses and key strategic sites will be lost. I echo all that has been said about the potential loss of an important collective build-up of expertise in the area.

I urge the Minister to recognise the disappointment felt by members of staff—as well as by individual MPs who have been involved in the matter. I am grateful that

[John McDonnell]

the Minister gave the PCS a half-hour meeting yesterday, and for his commitment to meet the PCS parliamentary group in July. However, I am worried about the attitude of management.

As has been set out, the management were appointed with the specific purpose of following a privatisation agenda. A human resources director—Nick Jones—has been appointed from Cable and Wireless, and I believe that the Burke Group has been appointed as a consultant on human relations matters. However, it has been exposed as a union-busting company. The TUC undertook a report on union-busting companies and included the Burke Group. The report claimed that

"the tactics used by union-busters are designed to frighten and intimidate workers away from any union attempt to recruit them at work."

Such tactics were also used at Cable and Wireless to try to isolate the Communication Workers Union and to undermine trade union representation in that company. I am hoping that the appointment of the Burke Group is a rumour and not a fact, and I would welcome the Minister's investigating the matter.

I am grateful for the meeting that the Minister had with the PCS yesterday, and for the commitment to meet us in July. I hope that we can establish a working relationship with him that maintains a commitment to investment in and organisation of the FSS in the public sector, and that we can now put aside the threat of privatisation that is undermining staff morale and the viability of the service itself.

12 pm

Paul Holmes (Chesterfield) (LD): I congratulate the hon. Member for Chorley (Mr. Hoyle) on his coruscating condemnation of the Minister for the lack of consultation and for the way in which the recent announcement was made on a good day for burying bad news. We heard a tour de force exposition of the tremendous track record of the Forensic Science Service in general and of the Chorley laboratory in particular. We heard examples of the damage to crime detection that will result from closing three of seven centres around the country—Chorley, Chepstow and Birmingham—and from the loss of scientific expertise and the institutional memory of the organisation, as well as the individual job losses, the loss of geographical coverage and the effect of losing, in total, 40 per cent. of the FSS staff, or up to 800 posts.

How have the Government arrived at their position? As we heard, in 2003 they decided to take the competitive route. We heard comments about the ideological drive for privatisation, regardless of the merits in individual cases of going down that road. In 2005, the FSS was turned into a Government company—a GovCo—and, in 2009, a new chief executive was appointed.

The information provided to people applying for the job, part of which was quoted earlier, was not published, but it was acquired by the Public and Commercial Services Union. We have already heard an interesting quote from the notes for candidates, which stated that

"the FSS was in 2005 transformed into a Government-owned company. This is intended as a precursor to evolution into a private sector entity, the timing of which depends on FSS' ability to transform itself into a viable, commercial entity."

The document went on to say that among the key responsibilities of the new chief executive was a requirement to prepare the FSS

"for its successful transition to the introduction of private capital at the appropriate point if agreed by Ministers".

Clearly, in 2003, 2005 and again in 2009, when the new chief executive was being appointed, Ministers saw privatisation as the end goal. There can be no question about that. The result, as we have already heard, was that in 2009 we got Dr. Simon Bennett of QinetiQ, and, as we heard in great detail from both the official Opposition and from Government Back Benchers, the track record of that privatisation is not one that we should be proud of or seek to emulate. QinetiQ is an example of a taxpayer-funded organisation that was already very successful—as the FSS is—being privatised at huge personal financial gain to the managers involved while the taxpayer simply lost out in every direction. Taxpayers lost out financially and they lost out on the quality of the service that the organisation had previously provided as a public sector body.

In the short term, the taxpayer loses. The Government would argue that in the long term, the public will benefit from the effect of the market and the privatisation of the FSS, which is why they set out on that road back in 2003. We have already had some debate about that. Clearly, the market is best at providing all kinds of goods and services. It is best at providing widgets, fashion clothing, designer jeans and mobile phones. I believe that no one would seriously argue that the telecommunications services we enjoy in this country today are worse than they would have been if we had left British Telecom as a monopoly, as it was more than 25 years ago. I do not believe that anyone would disagree that telecommunications services are better now than they were then.

Clearly, however, there are areas where the market has no place. There are areas where arguments about social equity, the social good and the public good are far more important than the profit-driven motive of the market. We have already heard examples, with which I concur, from health and education—as a former teacher, I have long made that case during the eight years that I have been in Parliament. The FSS is another obvious example where the argument that the market knows best, that it will produce the best results, is clearly a fallacy. It will be interesting to hear the Minister clarify exactly why the Government are so clear in their own mind that bringing market forces into the FSS will be of benefit to the public.

The driving motive of the market is profit. The driving motive of the FSS and the justice system should be catching criminals, as we heard eloquently expounded in examples in the opening speech by the hon. Member for Chorley. I have an example from *The Times*, a newspaper that is not exactly noted for its defence of the public interest and the public good, or of delivery by public services. As a champion of the free market, it would like to see the market operate in most areas of life. However, on 21 July, *The Times* gave an interesting example in an article about some of the market-oriented moves that the FSS is taking to try to keep business that it is losing to other areas. The article stated that it is now offering the police a service with variable fees so that,

for example, if a test on a piece of forensic evidence leads to conviction, there would be a higher charge than if the test were negative. *The Times* stated:

"If a positive DNA or blood or fibre match is found, the agency says, then the fee would be higher than for negative results. For example, if dozens of cigarette-ends were found at a crime scene, the police may not think it worthwhile to test them all",

because of the cost of testing every one of, say, three dozen cigarette ends. But if the police were told that they would have a small fee to pay for a negative result but a larger fee to pay if one or two of the cigarette ends led to the conviction of the criminal involved, the services of the FSS would be more attractive.

Surely we should not be looking at a system whereby when the police and the justice system are investigating a case, they are driven to decide not whether they can catch a criminal by testing the evidence, but whether it is cheaper not to test the evidence or whether the FSS or private competitors would offer cheap rates for doing it this way or that way. The driving force should be catching criminals, not the accountant's bottom line in a profit-and-loss ledger. It would be interesting to hear the Minister explain exactly why the Government appear so confident that taking the accountant's cost or profit-motive approach is better for criminal justice than the current or the previous workings of the police and the FSS.

I have three explicit questions for the Minister. Can he explain why the Government are sure that just four geographical centres, after three of the seven have been closed, can cope without affecting response time, which is crucial when dealing with a crime scene? We have heard many detailed examples of that. What detailed assessment has been undertaken to justify the clear assessment that four geographical centres can cope, when previously there were six or seven?

Secondly, how will the 40 per cent. job losses—800 people—be decided? Will the jobs be those of staff who are involved in marketing, business development, account management, logistics, quality and policy, or will they be those of precisely the expert scientific staff who do what the FSS is supposed to be all about—catching criminals? Thirdly, has any evaluation been carried out of the deterrent effect on crime investigation of applying cost factors to what should be a decision to investigate based purely on evidence and the chance of catching criminals, rather than on cost?

The FSS has played an essential role in our criminal justice system. It should be above making profit and outside commercial interference. The job losses will have a large impact on the FSS's ability to do its job. Large swathes of the country will be left without public sector service provision. The FSS has rightly played a valuable role in our criminal justice system. Any attempt to move it from the public to the private domain is likely to have a drastic impact on our criminal justice system and on public confidence in it as a whole.

12.9 pm

James Brokenshire (Hornchurch) (Con): I congratulate the hon. Member for Chorley (Mr. Hoyle) not just on securing the debate, but on the passionate, powerful way in which he highlighted the concerns of the 200 members of staff at the Forensic Science Service base at Washington Hall in his constituency, and the concerns about the wider issues arising from the changes to the service and the proposed cuts that will, potentially, lead to the loss of 800 jobs over the next two years.

The debate is important, not only in terms of the jobs at risk, and not only because of the future of the FSS, but because of the questions that it raises about the forensic science capabilities for law enforcement to solve increasingly complex crimes, where the use of forensic data is becoming ever more essential in bringing serious crimes to justice.

As we have heard, the FSS has a proud history, tracing its roots back to the 1930s, when the use of forensics in dealing with certain types of material was in its infancy. I pay tribute to the FSS for its work in bringing crimes to justice and ensuring that serious crimes are solved. However, its position in recent years has become increasingly challenged and challenging, with its turnover slumping by £70 million, based on its last audited accounts.

The catalyst for the debate was the Minister's written ministerial statement on 8 June 2009, and the proposed changes that underlay it, which raised more questions than it answered. Given the scale and seriousness of the proposed changes, it is incumbent on the Minister to answer the questions raised by hon. Members, including my questions about the strategic approach that is being taken. In his statement, the Minister confirmed that the FSS is embarking on a Government-backed transformation programme after six months of wranglings between the Home Office and the Treasury, which he elegantly described as "rigorous consultation". The upshot is a reduction of 40 per cent. of the skilled work force, the closure of a number of facilities and the adoption of what is described as a new business model. As we have heard, there has been a lack of discussion and certainty surrounding the announcement.

Will the Minister provide further details of the new business model, because it is at the heart of finding out about the intentions? How will that business model deliver the same integrated service more quickly and efficiently, as was claimed in the announcement? The key issue is to find out how the ability to provide the same services will be advanced by the proposed changes. Will he confirm that there will be no diminution in the speed, quality and capabilities of forensics facilities available to police and other law enforcement agencies?

In its 2007-08 financial statement, published in January, the FSS executive chairman, Bill Griffiths, described the uncertainties faced by FSS employees, saying that

"we have maintained that we must motivate and nurture our staff, since they are in effect 'our business.'"

The financial statements also highlight one of the key challenges in the company's successful transformation, which is

"retaining key skills and maintaining staff morale".

Will the Minister explain how the reorganisation proposals that he has announced help to deliver those goals and how those key skills will be maintained as a consequence of the changes that are envisaged?

In a statement to the Press Association on 8 June 2009, an unnamed Home Office official was quoted as saying:

"The forensics market is changing with increased competition, reduced business volumes and a higher cost base."

[James Brokenshire]

The key is in the words "reduced business volumes". Does the Minister agree with that analysis and, if so, is he therefore expecting cuts or other reductions in police budgets on forensics, giving rise to the expected reduced volumes? We need to understand how the market and the demand may change in the years ahead and from where the reduced business volumes will come.

The Minister's statement on 8 June had a number of other important points wrapped up in it. He confirmed that the FSS would remain as a Government-owned company "for the foreseeable future", but added:

"GovCo status has provided a suitable platform on which the FSS can transition to a commercially effective and robustly competitive organisation."—[*Official Report*, 8 June 2009; Vol. 493, c. 22WS.]

We need to understand the Minister's intentions. Will he confirm that it remains the Government's intention that the FSS should eventually transfer to become a private-public partnership or some other more arm's length vehicle, as was previously suggested?

The Minister reaffirmed his commitment to the criteria established by then Under-Secretary of State, now the Secretary of State for Health, in December 2005 on the potential for transition to a public-private partnership. It should be noted that the needs of the Home Office as shareholder were to be considered as part of that requirement. In his written ministerial statement of 29 March 2006, the right hon. Gentleman clarified the matter further stating:

"As a Government-owned business, the FSS has to compete with other calls on public funds and consequently the Home Office's investment in it needs to demonstrate an appropriate risk/return profile.

In coming to the relative merits of GovCo vs PPP, the Home Office will need to consider: (i) assessment of the financial value of the FSS; (ii) the financial risks to the Home Office associated with ownership of FSS; and (iii) Home Office's funding priorities."

What assessment has the Minister made against those tests and what agreement has he reached with the Treasury about financial value, financial risk and Home Office funding priorities? Again, the key to all that is where the policy priorities lie and the direction of travel.

The right hon. Gentleman argued that delivery of the vision for the FSS's business would require

"substantial investment, both in physical and human capital, development of new and existing capabilities and exercising strong implementation skills."—[*Official Report*, 29 March 2006; Vol. 444, c. 69-70WS.]

Will the Minister confirm how his proposals for the FSS will advance the vision outlined, which underpins the approach to the future of the FSS, and from where he expects this investment to come?

The future of the Forensic Science Service is also closely linked to the regulatory environment in which it sits. A new forensic science regulator has been appointed in the last year and a Forensic Science Advisory Council has been established. Will the Minister provide an update on the work of the regulator and the council and say how he sees those roles developing? The FSS, in its report and financial statements in January, described the developing role of the Forensic Science Regulator as a contributory factor in providing continued uncertainties surrounding the development of the competitive forensics marketplace in the UK. Will the Minister explain why those uncertainties persist and what urgent steps he is taking to provide the necessary clarification? Will he confirm that we will not end up in some parallel situation, where in-house capabilities are built up within police services at the cost of the FSS, because we would not be creating the market that the Minister appears to want to create, which obviously underpins the direction of travel?

One of the uncertainties in the market relates to the future regulation of forensic practitioners. The regulator is currently considering proposals for a new regulatory scheme. However, as my hon. Friend the Member for Wantage (Mr. Vaizey) said, it is ironic that the Council for the Registration of Forensic Practitioners, which the Government established as the regulatory body for those giving forensic evidence in court, was allowed to collapse nine days before the end of the consultation period. Why was support withdrawn from the CRFP at such a critical time? Will the Minister confirm reports that the regulator may take up to four years to implement the new regulatory scheme? Will he confirm that the regulation of the conduct of forensic science evidence will include the independent regulation of individuals involved in the provision of such services?

For the sake of the future of the FSS and the livelihoods of the constituents of many hon. Members who have spoken, I trust that the Minister will be able to provide answers to the real questions that linger about the Home Office's commitment to, and vision for, the future of forensic sciences in this country now and in the years to come. It is important that those issues are put on the record today, so that all of us involved in the debate can understand better where we are going, because it is clear from the comments made that people simply do not know.

12.19 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): I congratulate my hon. Friend the Member for Chorley (Mr. Hoyle) on securing this debate. Let me say briefly what I will not do. First, I do not intend to say, "Not me, guv." Secondly, I do not intend to be anything other than honest in my comments, and you would expect nothing else, Mr. Jones. Thirdly, I stand by what the Home Secretary said—that my hon. Friend and others could have expected better service when the announcement was made, but I will give the context of how it happened.

The announcement on 8 June was an attempt by the Forensic Science Service to bring Members of Parliament and others into the loop of consultation and to seek their views on management's proposed model for the future of the FSS which has been discussed with Ministers. It was not about informing Members of Parliament or anyone else about decisions that have been made, because no decisions have been made. That is the point of the consultation exercise.

Mr. Hoyle: My hon. Friend is missing the point. The media were told before Members of Parliament. Does he agree that that is not how we should do business?

Mr. Campbell: I am trying to explain that the FSS tried to involve Members of Parliament in the consultation, and I hope not only that the comments that have been

made today will inform that debate, but that every hon. Member, whether or not they have a laboratory in their area, will take part in the consultation.

Mr. Hoyle *rose—*

Mr. Campbell: Will my hon. Friend allow me to continue for a moment?

The matter had continued not for months, but for years. It would be wrong to give the impression—I am sure that my hon. Friend was not trying to do so—that the FSS's transformation is a surprise. People might have been critical if there had been no consultation and we had moved to a decision, whether by the FSS or the Government. Phrases such as "bully boys in suits" are not only depressing, but misplaced. I want to put on the record the fact that the Government's record in tackling crime and dealing with paedophiles, murderers and so on is second to none. The suggestion that that would be put at risk in any way, shape or form by not addressing the FSS's needs is ludicrous. This is not about saving money. The FSS's losses must be addressed, because they involve taxpayers' money, but I assure my hon. Friend and others that that is far outweighed by the Government's investment in the FSS.

In a telling and measured speech, my hon. Friend the Member for Hayes and Harlington (John McDonnell) said that investment has been delayed for a long time. We are trying to bring that investment forward, and the consultation is about management proposing the model that it believes is the way forward, and testing that.

Mr. Wallace: Will the Minister give an undertaking that none of the management, or even the new management to be appointed, have been or will be offered equity in the Forensic Science Service should a sale or part-privatisation be made?

Mr. Campbell: I was coming to the hon. Gentleman's speech, because he made it as if the decision on privatisation were a fait accompli. His questions might be relevant in that context, but that is not what we are talking about. I shall explain where we are in the debate about the FSS's future if he will allow me to do so.

The hon. Member for Wantage (Mr. Vaizey) and others referred to the Council for the Registration of Forensic Practitioners. I hope that the hon. Gentleman asks for and secures a debate on that, because I would be happy to respond to it. He referred to a scheme that was entirely voluntary, that never reached the targets that were set for it, and from which, in its latter days, the police pulled their funding. When members of the CRFP came to my office to talk about its future and asked for a considerable amount of taxpayers' money, I turned them down, because that would not have been the best use of taxpayers' money. We should be investing in, for example, the Forensic Science Service. The hon. Gentleman may ask about the regulator's role, but he praised Andrew Rennison, the regulator, who is charged with putting a better scheme in place.

Mr. Vaizey: I praised Andrew Rennison for engaging in discussion. I did not praise the decision to close the CRFP. Will the Minister explain whether he supports the United Kingdom Accreditation Service's system, which seems to have replaced it in a hand-to-mouth way?

Mr. Campbell: I suggested that the hon. Gentleman apply for an Adjournment debate so that we would have more time. That matter is not central to the issue that we are debating today.

I want to set out the background to the many issues that have been raised and to where we are today. The FSS has for many years provided a first-class service to the police and the wider criminal justice system. It is our ambition that that continues. Until 2005, it was an Executive agency of the Home Office, and had been largely the monopoly supplier of forensic services, but the reality was that other suppliers were offering competition and it became clear that that trend would continue. An independent review in 2003 warned of the consequences of that process.

A commercial market dominated by a Home Office agency was not right for the FSS in the long term, nor was it right for competitors and the police. It was not right for customers, predominantly the police service, which is responsible for obtaining best value for money from the grants provided from public funds. We took the first step towards the creation of a market by changing the FSS's status to a Government-owned limited company or GovCo. That change affects the dynamics of the relationship between the company, whose board now has statutory and fiduciary Companies Act responsibilities, and the Home Office shareholder.

Colin Burgon: Will my hon. Friend confirm, and does this not betray where the Government are heading, that the notes to candidates state that the creation of a GovCo

"is intended as a precursor to evolution into a private sector entity"?

Do they say that, or not?

Mr. Campbell: I am looking into that, because it has already been raised with me. I am told that it was made absolutely clear to the chief executive when he was appointed that there is no presumption that the FSS will move to privatisation, that that policy has not altered, and that that was the basis on which he would take the job. Time has moved on since my hon. Friend's quotation.

The company has lost 20 per cent. of its market share and, frankly, it must change. It must address its cost structure to reflect the changed market. Its current business model of linked laboratories that are distributed largely geographically is not efficient. Nor, as several hon. Members said, is the link between some laboratories and local forces always the best way forward, because the reality is that some forces do not use their local laboratory, but put their contract elsewhere. In some areas that works well, but in others it does not.

One purpose of the consultation is to suggest a new business model, and to brigade its various forensic disciplines by crime type so that resources for each discipline are clustered in particular laboratories. That raises the issue that some jobs and sites will be lost. When the consultation started, the FSS had to inform the Department for Business, Innovation and Skills that it envisaged a maximum of 800 redundancies. But let

[Mr. Alan Campbell]

me make it absolutely clear that that is the maximum number, not a foregone conclusion. The first steps in implementing the plan began with the announcement on 8 June. Let me also make it clear, as the company's chairman and I have been with each other, that we are in consultation and no decisions have been made. That includes decisions on the future of each and every site.

An issue that is of wider importance to many of my hon. Friends is the future direction of the FSS. I do not believe that efficient and effective companies are a monopoly of the private sector. I want public services to be delivered to the highest possible standard.

Mr. Hoyle: On a point of order, Mr. Jones. Will the Minister write to hon. Members about any points to which he did not respond?

Mr. Martyn Jones (in the Chair): That is a matter for the Minister, and I am sure that he heard the hon. Gentleman's point.

Mr. Campbell: Yes, I will.

Strategic Development Area (Eastleigh)

12.30 pm

Chris Huhne (Eastleigh) (LD): It is a pleasure to speak under your chairmanship, Mr. Jones. I am grateful to Mr. Speaker for selecting this matter for debate. It is of intense importance to my constituents in Boorley Green and Botley, whose homes will be blighted if their pleasant rural setting is developed as a new town. The planning process has let them down badly.

There are two groups of issues. The first relates to the substantive issue of whether it is right to build 6,000 new homes in a new town in the strategic development area north and north-east of Botley and Hedge End. The second group of issues concerns the way in which the decision, now incorporated in the south-east plan, was taken. It is my contention that the consultation process was so fundamentally flawed that Ministers must start again.

Let me deal with the substance first. Neither I nor my constituents are nimbys, motivated by the feeling that new homes should be "not in my back yard". In Eastleigh we have had intensive debates over the years about where new housing should go, based on an acceptance that later marriage, earlier divorce and longer lives add up to more local housing need. The borough adamantly opposed a previous plan proposed by Conservative-controlled Hampshire county council for a new town on Allington lane, which would have destroyed the distinctiveness of the surrounding communities in West End, Hedge End, Fair Oak, Horton Heath, Bishopstoke and Eastleigh.

Even though that new town was never built, Eastleigh has met high targets for housing on brownfield land such as the Pirelli and Causton sites. We have a local track record of taking tough decisions to ensure that we have the housing that local people need, but not by destroying the communities that we love. We have maintained the strategic gaps between our settlements and prevented a sprawling Solent city from merging the villages into one long urban area from Totton in the west to Waterlooville in the east. Ministers should give us credit for meeting targets and therefore give us the benefit of the doubt when we oppose this similar new town.

In particular, local residents are greatly concerned about the impact on their area and its environment, including an increased likelihood of flooding, loss of countryside and prime agricultural land, traffic, road infrastructure, sewerage infrastructure, water supply, school and health provision, jobs and emergency service provision. I should mention at this point the opposition of the local parish and town council and Eastleigh borough council. They objected in 2005 when the draft plan came forward and have kept on objecting. I have written to object on numerous occasions. Local residents signed a petition, which I handed in to the House last autumn, and the Botley parish action group has been set up to oppose the plans.

Just as importantly, my constituents feel aggrieved because they have not been properly consulted about a plan that will have enormous and far-reaching effects on their lives. If a neighbour wanted to add a house extension, they would have to apply to Eastleigh borough council for planning permission. Each neighbour would

receive individually addressed letters alerting them to the plan and asking for comments. However, it seems that in England's green and pleasant land, people can build an entire new town without telling the villagers most affected.

When I wrote with my objections, I received from the Ministers merely an indirect reply that consultation had taken place. That is not the point; the point is whether the consultation was good and thorough enough. Was it good enough? I believe the consultation to be at variance with the legal requirements and as such to be an obstacle to the adoption of the south-east plan. I believe that if there were a judicial review of the decision-making process, a judge would rule that the process was so flawed that it should begin again. I hope, therefore, that the Minister will consider that option now and I would like his response to that proposal. Will he reconsider the south-east plan at least as far as it affects the proposal for an SDA north and north-east of Botley and Hedge End?

In many cases, constituents received no notice whatever, as even a general outline of the proposals was not delivered to them. That is in stark contrast to the legal requirements set out for adoption of the plan. Let me start with the requirements, which are stated in planning policy statement 11 on regional spatial strategies, published by the Office of the Deputy Prime Minister in 2004. Paragraph 2.17 states:

"It is essential that the public is able to be involved throughout the RSS revision process and this should include broad public consultation rather than relying on targeted consultation with particular groups."

Paragraph 2.18 makes it clear that the "pre-submission consultation statement" required under regulation 13 must "not restrict itself" to how consultation has been carried out but must go further and summarise how the regional planning body

"has engaged stakeholders and the wider public in the preparation of the revision on a basis of active participation. It is essential that this pre-submission participation is not viewed as a one-off and fixed period of consultation on an early draft of the revision. Rather, it is a more continuous process of proactive involvement as explained above."

The RPB is required under section 4 of the Planning and Compulsory Purchase Act 2004 to seek the advice of bodies with strategic planning expertise when preparing, keeping under review and monitoring the implementation of a revision of the RSS. Those bodies are defined in section 4(4) of the Act as a county council, metropolitan district council, national park authority or a district council for an area for which there is no county council.

I assume that the RPB sought the advice of the relevant authority in the case of Botley and Boorley Green—Hampshire county council—and that is why HCC appears to have been charged with overseeing what consultation there was. Was there any formal arrangement between the RPB and HCC to handle the consultation, and which body bears the responsibility for what failed to happen?

I now turn to the facts of the inadequate consultation. The "South Hampshire Sub-regional Strategy, Background Document 3, Statement of Consultation", published in December 2005 by the Partnership for Urban South Hampshire—PUSH—of which HCC is the only relevant section 4(4) member, gives both the procedure followed and the results of the consultation on the SDA. Paragraph 2.2 states:

"The Options for the three sub-areas of Hampshire—North Hampshire, South Hampshire, and Central Hampshire & New Forest—were set in a single document called 'Where Shall We Live?'...This was targeted at stakeholders. In addition a special edition of the County Council's residents magazine 'Hampshire Now'...exclusively dealing with this topic, was distributed to homes across the County Council's area."

That edition of *Hampshire Now* was partly distributed with free newspapers and failed to reach the homes of many residents, including those living in the area most affected by the proposal, namely Boorley Green and Botley. Should the Minister require this, I can arrange to deposit with him affidavits from residents in the most affected area, who will be surrounded by new estates if the proposal goes ahead. They are prepared to testify that they never received that document. Indeed, the minutes of Eastleigh borough council—a participant in PUSH but not a section 4(4) council under the Act—state for the full council meeting of 2 October 2008:

"There is significant evidence that many residents in the rural part of the borough"—

the part most affected—

"failed to receive regional assembly and county council consultation material"

during the formative stages of the South East plan

"ahead of the Examination in Public".

It is also important to note that, even if a local resident received the edition of *Hampshire Now*, they would have had a very general reference, so that a specific response about the siting of the SDA would have been impossible. That was admitted in a letter dated 25 November 2008 from Hampshire county council—the relevant section 4(4) council—to a member of the local action group, which states:

"The county council would agree that sufficient detail and information should be provided in any consultation, but this has to be subject to information availability. At the time of the 2005 consultation, the SDA proposal had not been developed by PUSH"—

which includes Portsmouth, Southampton and Hampshire, the three section 4(4) councils in the area—

"in any greater detail than being 'to the north/north east of Hedge End' so it was not possible to be more specific than this in the consultation documents".

The reason why I am pressing the Minister so hard to review those plans is precisely that I fear that the Conservatives, despite what they say locally, are not to be trusted on this matter. After all, Hampshire county council is Conservative controlled, but it also owns much of the land on which the SDA would be built. The Conservative county group has merely said that it has "no plans" to sell the land for the SDA, not that it will not sell the land. It could stop the plan in its tracks, but it has not.

Moreover, it is a matter of public record that the Conservative party has received substantial political contributions from house-building companies that have been active in Hampshire, as well as from their owners. For example, Conservative-controlled Hampshire county council now proposes to build a gravel pit on Hamble airfield, near the SDA. It has the support of the owners, Persimmon Homes, presumably because Persimmon knows that that will make it far easier eventually to get permission for new houses on the site. Duncan H. Davidson of Persimmon has given £32,000 to the Conservative party, and the company has given a further £10,000, according

[Chris Huhne]

to public information on the Electoral Commission website. There is a similar pattern with Barratts—Lawrence A. Barratt has donated to the Conservative party—and with Berkeley Homes, whose founder, Mr. Tony Pidgley, is a substantial Conservative party donor.

I am not saying that there is anything so simple or corrupt as a deal—cash for planning permissions—in any of these cases. I am merely stating that it is hardly likely that the leading movers and shakers in Britain's greenfield housing industry would all donate to the Conservative party if they thought that it would block their proposals. As Mr. Davidson of Persimmon has been quoted as saying in *The Daily Telegraph*, the Conservative party represents

"the best prospect for our industry and our company".

My constituents in Botley and Boorley Green had better be warned, and that gives added urgency to the need to review the plan now.

In sum, the consultation on the south-east plan was clearly not—at least in so far as it affected my constituents—issued under the relevant Act, the Planning and Compulsory Purchase Act 2004, as required under planning policy statement 11. The flawed consultation process, which involved a failure to contact those with a legitimate interest in the decisions and a failure to set out the proposals in enough detail for people to be able to make meaningful comment, must lead us to scrap the conclusions and start again. Will the Minister give my constituents that commitment today?

12.43 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Shahid Malik): As ever, Mr. Jones, it is an absolute pleasure to serve under you. I congratulate the hon. Member for Eastleigh (Chris Huhne) on securing the debate on an issue that is important to him and to a number of his constituents and others living in the area. Having listened to his remarks at the end of his speech, I would be extremely concerned if conflicts of interest over political donations had not been managed appropriately. I know that he is not suggesting that that is the case, but that he does not know.

Let me start by providing some background to the proposals for a strategic development area centred around the north and north-east of Hedge End. The Hedge End SDA is a long-standing commitment, which was born out of workshops hosted by PUSH, of which Eastleigh borough council is a member, to discuss the sub-regional aspects of the draft south-east plan. Those discussions led to proposals for the SDAs at Hedge End and Fareham, and the proposals were provided to the South East England regional assembly, under the banner of PUSH, for inclusion in the draft regional spatial strategy.

Let me take this opportunity to address the hon. Gentleman's concerns about the process that was followed to finalise the south-east plan and, in particular, about how the views of local representatives and local residents were sought and considered. The original draft was prepared by the South East England regional assembly. It was then submitted to the Government office for testing and final approval. From the outset, the draft plan included proposals for an SDA at Hedge End.

When work began on the plan in 2003, it was subject to extensive consultation. Between April and May 2004, more than 1,000 stakeholders took part in workshops, which helped to shape the consultation draft of the plan. Following the launch of the public consultation in January 2005, more than 6,000 print and electronic copies of the plan were distributed. More than 14,000 copies of the plan executive summary were requested, and further workshops were held to encourage responses from hard-to-reach groups. Assembly members attended almost 100 public and stakeholder meetings on the plan. In addition, a number of public opinion surveys were carried out on behalf of the assembly, gathering views on key plan policies from a representative sample of the region's population.

By the time the consultation closed in April 2005, more than 2,500 written responses had been received from stakeholders and the public. A questionnaire on key plan policies was distributed to 3.2 million households and organisations, including local authorities and town and parish councils. The questionnaire attracted a further 61,746 responses.

All that consultation predated the examination in public. The proposals for an SDA at Hedge End were discussed at that examination, and PUSH submitted a statement for the examination panel to consider, setting out the justification for the SDA. The examination panel supported the principle of the SDA at Hedge End, noting that its selection had been challenged by a number of participants, but concluding that it was, on balance, a sound choice.

Following the examination, the Secretary of State published her proposed changes to the draft plan in July 2008. At the time, everyone who responded to earlier rounds of consultation was sent notification that the documents were available and was given details on how copies could be obtained.

Chris Huhne: I am grateful to the Minister for that. Nobody contests the fact that there was substantial consultation throughout the south-east on the south-east plan. The real issue is whether there was consultation with those in the area— particularly in Boorley Green and Botley—who would be most affected. I have given the Minister very clear evidence that the consultation did not reach those people. On that basis, does he agree that the process should start again?

Mr. Malik: I can certainly agree with the hon. Gentleman that there were distribution difficulties. He talked about *Hampshire Now* and said that many of those on whose behalf he has articulated the arguments complained that they had not received a copy of the paper. I accept that there were distribution difficulties with it, but it was made available in public libraries, citizens advice bureaux, museums, GPs' surgeries, petrol stations and local shops. One would have hoped that that would mitigate some of the difficulties with the distribution.

Chris Huhne: Surely the key point is that if someone proposed an extension to their house, individual addressed letters from the planning authority would, under existing planning law, alert those affected by what was going on. Here, we have an example of a far more significant potential development, which would completely surround a peaceful rural haven, but there was no consultation.

As the Minister has admitted, there were major problems. It is simply not good enough to say that paperwork was available in a local public library, because we know that that is not good enough when it comes, for example, to individual planning applications. We do not just put them in the public library. We go out of our way to alert the individuals who will be affected.

Mr. Malik: I have some sympathy with the hon. Gentleman's point of view, but the way in which individual planning applications are dealt with is a separate issue from the way in which we dealt with the case in question. Despite the distribution difficulties that I have outlined, the handling of the matter is viewed as, on balance, adequate. However, for a number of people it will not have been adequate, and that is why we are having this debate.

I want to say a few words about the hard work, of which I am sure the hon. Gentleman is aware, that has been done in south Hampshire to set up the Partnership for Urban South Hampshire and, in particular, to publish the south Hampshire agreement, which is a multi-area agreement on behalf of, and with input from, the 11 local authorities that make up PUSH. In addition to the agreement of those authorities, the MAA has the agreement of Transport for South Hampshire, which is the delivery agent for sub-regional transport plans, policies and programmes, along with other regional partners including Jobcentre Plus, the learning and skills council, Business Link and the development agency.

Multi-area agreements are a mechanism that makes possible a new way of working at national and local levels, with the fundamental aim of driving economic development. The south Hampshire agreement will support the delivery of the partnership's ambitious programme by strengthening partnership working between local partners, departments and agencies. With such agreements, PUSH and its key partners will achieve more rapid and certain progress in delivery on the ground, particularly in relation to skills, employment, housing supply and regional economic performance.

The Homes and Communities Agency has recently announced an investment commitment of more than £75 million in the south Hampshire sub-region. By working with the partnership, the HCA has been able to ensure that the funding will bring the greatest benefits to the area. That level of investment will act as a driver for the local economy and will provide the opportunity for hundreds of jobs in the construction industry. The Government have also committed to spending in the region of £300 million of investment for housing in the PUSH area to 2011, of which £169 million has been allocated specifically for affordable housing. The need for affordable housing has been established by studies throughout the past 12 years, most recently by the strategic housing market assessment carried out on behalf of all the districts in the PUSH sub-region, which noted that 4,520 households were accepted as being in housing need in Eastleigh in 2005. The figure had risen to 5,604 by December 2008, representing 11 per cent. of all households in the borough.

Chris Huhne: I entirely accept what the Minister says about the need for extra housing. Of course he knows, because I cited the evidence, that the borough has a good track record. The problem at the moment is that much of the private sector housing that would unlock that social housing is not being completed, because of the housing recession. That has nothing to do with the planning process. Therefore it is not relevant to the key issue of whether the consultation process was in line with the legal requirements. Does the Minister accept that the consultation process was, as I have outlined, not in line with the legal requirements?

Mr. Malik: The simple answer to the hon. Gentleman's question is that on balance we do not accept that the consultation was illegitimate. I have said that there were difficulties in distribution but that, because of other measures that were taken, it was deemed adequate. He will be well aware that the cost of entry-level homes in his constituency is nine and half times the district's lower quartile earnings figure. I know that he wants to focus on the consultation, but it is critical that I should focus on housing needs. It is difficult to disaggregate one little part from the larger plan, as he would like me to. It may help if I tell him that the consultation on the south-east plan was undertaken in accordance with the advice in planning policy statement 11.

The SDA is a long-established element in the sub-regional approach of the PUSH authorities to delivering their agreed target of 80,000 homes by 2026, and 6,000 of those are proposed at the Hedge End SDA. The core authorities' own reporting shows more than 30,000 households currently in housing need. The hon. Gentleman is rightly concerned about aspects of the proposed SDA, and particularly the pressure that such development might put on local infrastructure. I am sure that he would agree that the funding already committed to transport schemes in the PUSH area will help to alleviate some of the pressures on the road network. There have been capacity improvements to the M27 between junctions 3 to 4 and 11 to 12 within the last year, and since the Solent travelcard scheme was introduced in 2004, there has been an increase of 250,000 journeys undertaken by public transport. Those are just two examples of the work being undertaken.

The pressures on infrastructure are not limited to transport, and in publishing the south-east plan the Government have set the strategic planning context for decision makers in the south-east of England for the period to 2026. Perhaps I should also point out that there might be opportunities in the development of the local development framework to raise some of the concerns that the hon. Gentleman has raised and to shape development in the areas about which he is concerned. The plan also contains policies that focus on sustainable growth to provide the development that is needed, while ensuring the protection of the environment, such as the requirement for local authorities to carry out strategic flood risk assessments and to avoid a net loss of, or actively to seek a gain in, biodiversity. I know that he is concerned about those issues. The Planning Act 2008 introduced a community infrastructure levy which will allow local authorities to raise considerable funds for infrastructure in their areas. The Government consider that to be critical for the future delivery of infrastructure projects.

The proposed SDA at Hedge End represents a targeted approach to development that is a good thing for the economic development and sustainability of the south Hampshire sub-region and south-east England as a

[Mr. Malik]

whole. I know that the hon. Gentleman may not be fully content with my response, but I am sure that his constituents can be fully content that they have a powerful advocate in their Member of Parliament.

Charges for Oxygen (Airlines)

12.58 pm

Nick Ainger (Carmarthen, West and South Pembrokeshire) (Lab): It is a pleasure, Mr. Jones, to serve under your chairmanship. I wish to declare an interest; I am a trustee of the Pulmonary Hypertension Association, as listed in the Register of Members' Interests.

I wish to bring to the attention of the House the fact that some airlines charge large fees to those who need to use supplementary oxygen when flying. I am grateful to the 218 right hon. and hon. Members who signed early-day motion 1,444, in which I called on airlines to scrap those charges. I am also grateful to the Pulmonary Hypertension Association, the British Lung Foundation and the Muscular Dystrophy Campaign for their detailed advice and information.

Pulmonary arterial hypertension—PAH—causes high blood pressure in the pulmonary arteries, which carry blood from the right side of the heart to the lungs. The condition causes those arteries to thicken and narrow, which restricts blood flow in the lungs. The resulting symptoms are breathlessness, chest pains, angina, fatigue and fainting spells. PAH is relatively rare, but sufferers from other breathing conditions such as chronic obstructive pulmonary disease and muscular dystrophy can experience similar symptoms, and require supplementary oxygen to help get sufficient oxygen into their blood. Along with medication, those symptoms can be managed with extra oxygen, which can be obtained from a cylinder or an electronic concentrator. Oxygen from either source eases breathing difficulties, allowing patients who otherwise could not undertake even gentle activity to regain mobility.

Oxygen is as indispensable to sufferers as the wheelchair is to those with walking difficulties. Unfortunately, that fact is not recognised by many airlines. It is hard to imagine a company refusing to allow people the right to bring a wheelchair into a building and then charging them to use a centrally provided one. However, that is what is happening to many oxygen users who want to fly. Many airlines refuse to allow patients to keep their oxygen with them on flights. Instead, they insist that affected passengers should buy oxygen directly from the airlines, sometimes at huge cost.

The Pulmonary Hypertension Association conducted a secret shopper exercise. It found that of the 22 airlines surveyed, only five allowed people to bring their own oxygen cylinders on board, and only nine allowed the use of oxygen concentrators. Some notable exceptions aside, almost every airline that refused permission told the secret shopper that she could be supplied with oxygen by the airline throughout the flight—for a fee. The charges mostly range from £55 to £250, but in some cases are much higher.

The British Lung Foundation became involved in the case of Mr. Palmer, who suffers from PAH. He was told by the Emirates airline that he would have to pay an extra £1,972 to be supplied with oxygen on his flight to Australia. In another case, the same airline told a sufferer from idiopathic pulmonary fibrosis that he would be charged £2,800 to use oxygen on a flight from Manchester to Dubai. In both cases, the airline backed down when the passengers called in the British Lung Foundation. However, not all airlines back down, and many people are told to pay up or lose out.

One PAH sufferer said:

"I have just had to cancel my holiday to Singapore and Australia. I have been on the phone to Singapore Airlines for an entire week. I have my own travelling concentrator, and this one is pictured on the airline's website to be OK to use on board, but only if you pay 1st class! I think I have been discriminated against."

That was not justified on the grounds of either security or safety; the airline was prepared to allow the device on to the plane, but only if the passenger could come up with a huge premium.

Another lady described the bureaucratic nightmare of trying to access oxygen on Ryanair. She said:

"When I was due to fly to Spain I faxed off my fit to fly letter and then phoned to pay my £100. They said I was not now allowed to fly with them as I need 2 litres per minute flow, but they only provide 4 litres per minute. Their safety officer said that 2 litres per minute was for children only, even though my doctor had said that was all I require. Also they can only provide oxygen for 2 hours. I flew BA in the end, but the whole thing was so stressful."

The Guardian quoted one passenger as saying:

"With many of the airlines it's a catch-22 situation. You can't take your own oxygen on board but they charge you a fortune for the privilege of using theirs...Disabled people have to fight constantly for things I feel should be made available to us when we need it. Oxygen is a necessity that is keeping me alive and healthy."

Although some financial help is available from charities for those who need help in paying the charges, it can be an unnecessary drain on the charities' resources. The Pulmonary Hypertension Association has told me that in the past seven years the charity has paid about £50,000 in grants to cover the cost of airline charges for its members. The association said:

"This is money that could be spent on something beneficial, such as respite weekends for children, or a specialist nurse, not subsidising airlines."

Ultimately, the high charges mean that airlines are at risk of pricing oxygen users out of the air travel market.

Emirates has announced that it will scrap the charge altogether in response to "feedback from customers", but not many airlines have followed suit. The fees that they continue to charge amount to a tax on the disabled. That practice needs to end. I shall read on to the record the names of airlines that charge and those that do not. I list first those of the 22 airlines surveyed that no longer charge. British Airways, easyJet, Flybe and Virgin Atlantic do not charge; and after the campaign by the three organisations that I mentioned earlier, Cathay Pacific and Emirates no longer charge.

I now list the airlines that charge. Air Canada charg[es] 150 Canadian dollars. Air France charges €182. Ali[talia] charges the cost of a second seat. BMI charges £[75]. El Al charges £75. First Choice charges £150 for short-haul flights and £250 for long-haul flights. Iberia charges £124. KLM charges €100. Lufthansa charges €150 for short haul and €300 for long haul. Ryanair charges €148. South African Airways charges £150. TAP charges €150. It is pretty much a lottery, particularly for those travelling on longer-haul flights, who seem to be charged most.

All airlines should allow people who are dependent on supplementary oxygen to travel at no additional charge, if they have medical clearance to do so. There seems to be no reason why that cannot be achieved. Legislation establishing the principle that disabled people should not be discriminated against when travelling is already in place. European Union regulation 1107/2006 obliges airlines to carry passengers' medical equipment free of charge. Airlines that charge interpret oxygen cylinders as not coming under that category, but stronger guidelines could oblige them to change their view.

The Equality and Human Rights Commission told me that it

"questions whether airline companies' refusal to carry passengers' oxygen cylinders and concentrators without charge—or at all—is within the law."

It says that it is

"seeking to clarify the regulations so that airlines do not inappropriately charge people who require oxygen".

The Department for Transport's code of practice "Access to Air Travel for Disabled Persons and Persons with Reduced Mobility" advises that air carriers may approve the carriage of small gaseous oxygen or air cylinders for medical use, and recommends that portable oxygen concentrator devices should normally be allowed if they are battery operated. The Department clarified that guidance in response to inquiries from the British Lung Foundation, stating:

"The Code of Practice makes clear that airlines should consider portable oxygen cylinders as medical equipment which passengers should have a right to take on board free of charge in addition to standard baggage allowance."

That is quite clear. The code of practice states that air carriers can make a charge to provide passengers with oxygen. However, the Department has also told the British Lung Foundation:

"We do not believe that the EC Regulation requires airlines to provide oxygen free of charge, but we would encourage airlines to offer this service at their discretion".

Airlines can thus be in no doubt that the charges that they are currently levying run contrary to the spirit of the rules. It is clear that stronger guidance—or legislation, if necessary—is needed if the practice is to be stamped out permanently. In the USA, the Air Carrier Access Act came into effect on 13 May 2009 and requires all airlines on flights that depart from, or arrive in, the US, and US airlines wherever they are in the world, to allow passengers to use their own portable oxygen concentrators free of charge, as long as they have been tested and labelled as meeting federal airline administration requirements. The United States believes that there should be no charge.

Airlines will, of course, need to follow security procedures, but if some airlines currently allow passengers to take [their] cylinders or concentrators on board, and if airlines [are] obliged to carry concentrators in the USA, the necessary security procedures clearly exist already and could be made compulsory in the UK and throughout Europe. To refuse patients the right to carry medical equipment that has been certified as safe, and then to charge large sums for alternative provision, is outrageous. Some airlines have responded to the campaign and changed their charging policy, but it is still a lottery. I trust that the Department will work with its European partners to produce crystal-clear guidance to airlines stating that they should not be charging for the service. I hope that the Minister will respond positively to end this blatant discrimination by some airlines against disabled passengers.

1.12 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): It is a privilege to serve under your chairmanship, Mr. Jones. I congratulate my hon. Friend the Member for Carmarthen, West and South Pembrokeshire (Nick Ainger) on securing this debate. I also congratulate the British Lung Foundation, the Pulmonary Hypertension Association UK and the Muscular Dystrophy Campaign on their work to raise the profile of this issue in many ways and with many parliamentarians, including those who have signed early-day motion 1444.

This debate gives me the opportunity to respond to some of the points raised and to set out the current position. After that I shall turn to the position of airlines, in particular, UK airlines—the point of immediate concern—and then expand on how we might proceed. By definition, aviation is an international business. Many of the airlines to which my hon. Friend referred are international companies based in other parts of the world—not just in Europe, but beyond—and the issues that arise are common across the world. Furthermore, a substantial body of international law governs the operation of airlines. That legislation, whether created by the International Civil Aviation Organisation or, for European states, the EU is designed to support and help aviation consumers, whoever they might be.

Rights of disabled people and those with reduced mobility, from whatever cause, are established under European regulation 1107, to which my hon. Friend referred. The regulation is fully supported by the UK Government and enforced through statutory instrument 2007/1895. However, as he will know, the regulation does not impose specific obligations on airlines to carry or provide oxygen in the cabin. However, to help the UK air transport industry to comply with its obligations under the regulation, the Department published a revised code of practice entitled, "Access to Air Travel for Disabled Persons and Persons with Reduced Mobility". Section 7 of the latest edition of the code, published in July 2008, includes a section on oxygen advising that air carriers may approve the carriage of small gaseous oxygen or air cylinders—not exceeding 5 kg gross mass—required for medical use, but notes that carriers will wish to ensure that these do not pose a risk to security.

Nick Ainger: I quoted the charges, but I also have a list of the airlines that do not allow patients to take on board their own oxygen cylinders. That list consists of the majority of airlines that I quoted as charging for alternative provision. It is clear that the majority of airlines in this survey are not abiding by those guidelines.

Paul Clark: I think that my hon. Friend is talking about the list that he read into the record earlier. However, many of those airlines fall outside the jurisdiction of the EU, let alone the UK. He is right about the range of options. Some carriers might charge for supplying their own oxygen or allow passengers to bring on their own oxygen cylinder. He is also right that a number of those 22 airlines do not permit the latter, but do allow—I was just coming to this point—portable oxygen concentrator devices to be brought on board. But some airlines do not allow those either.

The code of practice issued by the UK Government notes that as an alternative to oxygen cylinders, passengers could use their own portable oxygen concentraior devices. It recommends that airlines should normally allow such devices to be carried, if they are battery powered and not dependent on the aircraft's power supplies. Although air carriers are not required to do so under EC regulation, some might decide to supply medical oxygen to passengers on request. The code acknowledges that it would be possible to charge for that service to cover the provision of oxygen. It will be apparent, therefore, that European law, which cannot legislate for airlines such as Emirates or Singapore Airlines, aims to strike a balance between the needs of particular groups and airlines' commercial requirements. However, there are further considerations, including those raised by the campaign to which my hon. Friend referred, which has raised awareness of this issue.

The Department wants to encourage airlines to make clear their conditions of carriage, so that passengers considering travelling on a particular airline are aware of its policy and can make an informed choice when they purchase their tickets. Indeed, I took on board my hon. Friend's comments about the stress through which people can be put to try to find out that information. That is why I went online to check out a number of airlines. I typed in "medical oxygen" and "oxygen supplies" to see what would come up. Although some websites were better than others, all of them carried the necessary information. We must continue to work with the transport industry—not just the airline industry—to ensure that it provides accessible information and meets people's requirements.

Dr. Rudi Vis (Finchley and Golders Green) (Lab): My wife uses oxygen, so I have been listening carefully to my hon. Friend the Minister. Earlier, he talked about stress. I have found that stress is not restricted to the airlines. We took cylinders with us when we travelled on Eurostar. I was kept behind in Paris for an hour because the officials thought that I was going to blow up the bloody plane. People feel stressed with hotels and trains. My wife has a card, which should enable her to get some assistance. However, we have found that company officials do not know anything about how to obtain oxygen. As has been wonderfully demonstrated by my hon. Friend the Member for Carmarthen, West and South Pembrokeshire (Nick Ainger), it is an issue that is not sufficiently well known.

Paul Clark: As I was saying, there is still a long, long way to go. My hon. Friend recognises that a person has to reassure themselves with regard to both safety and security, and that the right processes are in place. That may even include taking a short blast from the gas that is in the cylinder. Unfortunately, we live in a climate in which we must check everything. My hon. Friend raised a very important point about awareness training for staff who are operating both public and private transport systems.

Earlier this year, I considered accessibility planning and awareness training for people who plan transport systems within our towns and cities, which is a very important role. Let me draw the attention of my hon. Friends to the code of practice concerning aviation to which I referred. The first item in section 7 says:

"All cabin crew, including the flight crew, must receive disability awareness training. For cabin crew, this should be refreshed in line with training in safety procedures."

Although the guide refers specifically to cabin crew, it equally applies to others operating in the field. So, the ability to understand all the issues must apply across the board. Individual companies probably need to undertake further work in that regard. My understanding is that that is what UK airlines have tried to do on their sites.

Nick Ainger: Earlier, the Minister mentioned that he had visited a number of airline websites to establish what information was being made available to patients to enable them to make a choice. In certain circumstances, however, patients cannot exercise a choice because they are considering a specific route. They may be looking at a budget airline route to a relatively small airport. BMI and Ryanair are both guilty in my book. Moreover, charter flight airlines, such as First Choice and Monarch, also make charges. When a person books their holiday, they have no alternative but to fly with that particular airline. Therefore, they cannot exercise a choice in such matters.

Paul Clark: I recognise that there are some limitations, but the picture is pretty good for UK airlines. British Airways, Virgin Atlantic, easyJet and Flybe allow passengers to use free of charge their own oxygen and their own portable oxygen concentrators. However, I accept that other UK carriers make certain charges. My hon. Friend mentioned that Monarch charged £80 and that First Choice differentiated between short and long-haul operations. *[Interruption.]* Someone from a sedentary position has mentioned Ryanair, but that is an Irish carrier.

Nick Ainger: BMI.

Paul Clark: Yes, BMI is another carrier that charges. My hon. Friend raised questions over a number of airlines. He was right to say that Emirates was charging £1,100 and has now dropped its charges. He also referred to Singapore Airlines. Mention was made of £2,800 being charged from Manchester to Dubai, but I did not catch the airline. Emirates and Singapore are not UK airlines and they are not governed by the EU regulation 1107. It is up to the individual companies to justify their charges.

Let me turn to the American situation. My understanding is that it is a little more complex than it appears on first glance. American Airlines will not accept oxygen cylinders on planes. It will accept the portable oxygen concentrators to which we have referred, but they have to come from the seven companies approved by the Federal Aviation Administration, which is part of the US Government. The kit is expensive and comes from American companies, so there are limitations. I did another quick check this morning and I noticed that one company and a number of the other sites had the FAA approved logo. The regime, therefore, is tight, which may limit some opportunities.

In conclusion, I am aware that the British Lung Foundation is jointly campaigning with the Pulmonary Hypertension Association UK and Muscular Dystrophy campaign to end additional charges for people travelling with oxygen and to ensure that all airlines offer the same level of service. I suggest that that can be best achieved through an international forum to ensure that we get standard provision across the board. I understand that the British Lung Foundation has been in touch with my office to discuss this matter further, and I am certainly considering ways in which we can find a way forward.

Dr. Vis: Can the matter be associated with landing rights? The Minister has set standards for UK companies, and we can put pressure on them. Landing rights are UK rights.

Paul Clark: When looking at an overall package, we need to consider the issues that arise.

Let me now turn to the issue of the carriage by aircraft of medical oxygen as part of a medical kit. That is not a requirement of regulation 1107. The Commission is due to review the regulation in 2010, but as this is new European law I would not want unduly to raise expectations that it is likely to be changed quickly. However, it will give interested parties a chance to make representations.

Today's debate takes us another step forward. Raising public awareness about the companies that charge and those that do not will help to focus minds. We need to ensure that information is available for travellers so that they can make an informed choice. We need to continue our dialogue with the industry and await the EC regulation review in 2010.

Wind Farms (Northamptonshire)

1.30 pm

Mr. Philip Hollobone (Kettering) (Con): May I place on record my thanks to Mr. Speaker for permitting me to introduce this debate on planning applications for wind farms in Northamptonshire and in particular in my constituency? I welcome the Minister to his place and I hope that he will take my points on board.

I should first say that the debate is not about opposition to wind farms, although a lot of my constituents do oppose them—they do not regard them as the best way to secure power generation in future, and regard them as unsightly and unwelcome, particularly in areas of attractive, open countryside. There are also huge doubts about the energy efficiency of wind farms, given that many operate at only a quarter of their potential capacity. The debate is also not about nimbyism. A lot of my constituents are in favour of alternative sources of power generation and renewable energy. Many like wind farms and want to see more of them. Rather, the debate is about coming up with a sensible planning policy for the borough of Kettering so that the people of Kettering can play their part in promoting renewable energy without seeing their local countryside covered in a plethora of wind turbines.

We have in the borough of Kettering a wind farm at Burton Wold. There are 10 turbines, which generate 20 MW of electricity. That is enough to power 10,000 homes in the borough, which is somewhere between a quarter and third of the local population. Not everyone is in favour of the Burton Wold wind farm, but many are—it is fair to say, on balance, that it enjoys popular support from my constituents, in particular from the residents of Burton Latimer, which is the nearest town. Local schoolchildren have given each of the turbines a name and the Burton Wold Wind Farm company makes a valuable contribution each year to town council funds to help local projects in the community. On balance, it is a very popular wind farm. It is so popular that planning permission has been granted for it to be extended from 10 to 17 turbines. It is one of the closest large-scale wind farms to the capital.

Under the Government's current guidelines, much of the promotion of wind energy is done through regional spatial strategies. RSS8, for the east midlands, gives the county of Northamptonshire a target for large-scale wind farm generating capacity of 12 MW. At one point, the draft RSS contained a target to double the 2010 target by 2026, but that did not survive into the final version, as I understand it. The county's target for wind generating capacity is 12 MW by next year, but the existing Burton Wold wind farm already generates 20 MW, and if the proposed extension goes ahead—it already has permission—it would increase to 34 MW. Northamptonshire already generates way above the target set in the RSS but there were, at the last count, 16 new applications for wind farms in Northamptonshire, most of which would be along the A14 corridor between the A1 and the M1. Not all would be in my constituency, but a considerable proportion would be there.

There is a proposal for four wind turbines between Hanging Houghton and Brixworth. Originally, the application was for six, but two have been withdrawn owing to their proximity to the Sywell aerodrome and the potential danger to aircraft. There was also an application for two turbines at the Mercedes-Benz plant in Brixworth, but that was withdrawn because of safety concerns. There is a proposal for seven wind turbines at the old RAF Harrington base near Harrington and Draughton—the application is due to be considered soon—and there could be an application for four wind turbines at Great Cransley near Mawsley, although there is question mark over that because of its proximity to the Sywell aerodrome. There is a proposal for seven wind turbines that would be a staggering 126.5 m tall at Kelmarsh. For the uninitiated, Nelson's column is 52 m tall and the Northampton lift tower, which is a well known local landmark, is 127 m. The Kelmarsh wind farm is for seven structures of almost the same height as the lift tower. There is also a proposal for seven turbines between the villages of Rushton and Pipewell, which would be very close to Kettering.

The applications are causing widespread unease and consternation among my constituents, many of whom are not against renewable energy and are very supportive of the existing wind farm at Burton Wold. However, they do not want lots of wind turbines and wind farms spread all over their local countryside. At the moment, an effective planning policy from the Government to enable a sensible way forward is absent.

Lembit Öpik (Montgomeryshire) (LD): I very much agree with the hon. Gentleman, but he should consider himself lucky. In Montgomeryshire, we have applications for more than 700 enormous 450 ft turbines. Leaving aside the questionable benefit of such a variable power source, does he agree that the Government seem to enjoy the fashionableness of being seen to act on the environment, even though that can cause other forms of environmental damage and disruption, not least that associated with the tremendous efforts needed for the construction of the turbines?

Mr. Hollobone: I have a lot of sympathy for the hon. Gentleman and his constituents, and the plight and blight that they face from large-scale wind farms. It seems that the location of wind farms comes down to very site-specific proposals. Sometimes, in areas such as Burton Wold, it works; it is popular and it makes sense. Such facilities can enjoy support not only from the planning system, but from local people. In other areas, such as Montgomeryshire, they might not attract such support and would be very unwelcome. I think the Government are being over-prescriptive in forcing through such a rapid expansion of a technology that, as he rightly said, has questionable efficiencies and benefits.

The sensible way forward for the north of Northamptonshire and particularly the area around Kettering is to enable Kettering borough council, of which I am pleased to be a member, to draw up a policy that says, "Yes, we are supportive of renewable energy, and we want to see all the local wind farms and turbines in Burton Wold." Ten turbines are there at the moment, permission has been given for 17 and plans exist with the potential to increase that to 24, which I support. That would meet the Government's targets for expanding wind energy in the borough of Kettering, local people would support it, we would be doing their bit to green our country, and it would remove the blight faced by

residents of villages in the borough and across Northamptonshire who face the applications that I have mentioned.

Mr. Peter Bone (Wellingborough) (Con): As usual, my hon. Friend makes a powerful argument on behalf of the people of his constituency and of north Northamptonshire. Is he aware that exactly the same feelings are expressed by the people in Wellingborough, as we are attached to the same planning applications and Sywell airport is in my constituency? It is the fear of being forced to have a wind farm in an area where one is not wanted or suitable that worries my constituents.

Mr. Hollobone: That is absolutely right. People are facing an uncomfortable dilemma. They support wind energy, but in the right places and where it makes sense. People are not being nimbys for the sake of it. There are clearly some places that any common-sense approach would say are not suited to wind energy, because that blight on the countryside will be there for the next 25 or 30 years. How can it make sense to build seven turbines 127 m tall in the grounds of Kelmarsh hall, one of the most famous stately homes in Northamptonshire? They will be there for the next 30 years and will be visible from Northampton, and probably the moon, despoiling some of the best countryside in the middle of England, when just a few miles down the road at Burton Wold is a site where, for a number of peculiar reasons, a big wind farm makes sense and enjoys popular support.

I anticipate that the Minister will say that there is room for local authorities to designate places as suitable sites for wind farms in their local development frameworks. That is great if the option actually exists. East Northamptonshire council is next door to my constituency. I understand that the council included in its area action plan for rural north, part of the council area, a site-specific policy on wind farms that the Government office for the east midlands and the East Midlands regional assembly asked it to remove. I understand that the officers of the local council have kept the policy, but they expect that when it goes to review, the inspector will find it unduly restrictive.

I would like the Minister to say that he will consider planning policy statement 22, the Government planning guidance on renewable energy, and come back to the House with a written statement confirming that local authorities will be able to designate areas such as Burton Wold in their local development frameworks as sites suitable for wind farm development that will meet regional and Government wind farm targets and, at the same time, enable them to turn down speculative wind farm applications in all sorts of other locations. That seems a sensible policy that would enjoy popular support, get people behind renewable energy and save many thousands of acres of some of the UK's best countryside from the despoiling development that gives renewable energy a bad name.

I do not think that that is too difficult a commitment for the Minister to make. If he did so, he would be carried shoulder-high through the streets of Kettering, and I would be one of the people carrying him. Such a policy would be very welcome locally and would, I am sure, be taken up by local authorities in other parts of the country.

1.44 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Shahid Malik): It is a double pleasure today, Mr. Jones. I congratulate the hon. Member for Kettering (Mr. Hollobone) on securing this debate on an interesting and important subject that I know is significant to him and a number of his constituents, as well as to the constituents of other hon. Members here. I am sure that the whole House appreciates the need to address climate change even more given the heat wave that we are enjoying. I visited the hon. Gentleman's constituency last week, although not on anybody's shoulders, and was impressed by the work of David Cook, the chief executive, and the leader of the council, Councillor Jim Hakewill.

As part of our overall approach to climate change and renewable energy, the Government attach great importance to building a low-carbon UK. On 18 June 2009, the Environment Secretary announced the launch of UK climate projections 2009, a groundbreaking tool funded by the Department for Environment, Food and Rural Affairs that will help us understand how the UK's climate is likely to alter during the 21st century.

The Government recognise the need to adjust energy provision to meet challenges. The Climate Change Act 2008 made Britain the first country in the world to set legally binding carbon budgets, with the aim of cutting UK emissions by 34 per cent. by 2020 and at least 80 per cent. by 2050 through investment in energy efficiency and clean energy technologies such as renewable, nuclear and carbon capture and storage.

Power stations generating around 25 per cent. of our electricity are expected to close by 2018, as they do not comply with European legislation on sulphur dioxide and nitrogen oxide emissions. The gap in generation will be filled by an increase in renewables over the coming years, including greater generation from both offshore and onshore wind. The UK is one of the windiest countries in Europe, and we need to harness that clean and renewable energy-generating technology.

Wind has been the world's fastest growing renewable energy source for the last seven years, and the trend is expected to continue due to the falling costs of wind energy, energy security threats and the need to address climate change. A modern 2.5 MW turbine at a site with suitable conditions generates 6.5 million units of electricity each year, enough to meet the annual needs of more than 1,400 households, make 230 million cups of tea or run a computer for 2,250 years. Every unit of electricity from a wind turbine displaces one from conventional power stations. In January 2009, wind turbines operating in the UK had the capacity to prevent the emission of over 3.5 million tonnes of carbon dioxide a year.

Energy from wind generation will be a key component of the changes necessary to create low-carbon energy. The hon. Gentleman referred to planning considerations for wind farms. All proposals for wind farm development need to be considered under the planning system at a national, regional and local level, and I will now address that framework.

At the national level, planning policy is set out, as the hon. Gentleman said, in planning policy statement 22 on renewable energy, published in 2004. Along with its more detailed companion guide, it sets out the Government's guidance on planning and renewable energy. It makes

[Mr. Shahid Malik]

specific reference to regional spatial strategies and local development documents, stating that they must contain policies designed to promote and encourage rather than restrict the development of renewable energy resources.

PPS 22 also states that, at the local level, planning authorities should set out the criteria that will be applied in assessing applications for planning permission for renewable energy projects. Planning policies that rule out or place constraints on the development of all or specific types of renewable energy technologies should not be included in regional spatial strategies or local development documents.

Mr. Hollobone: I am listening closely to the Minister's remarks. I understand that he is following the brief that was prepared for him and that is quite proper. However, I am trying to draw to his attention the specific case of Kettering borough council, which has done far more than its fair share by giving planning permission for 34 MW of wind energy when the regional target for the whole of Northamptonshire is 10 MW. From the statement that he is reading out word for word, one can understand why there is a bar on Kettering borough council doing what it wants. However, would it not make sense to allow the local authority to say, "We are doing more than our fair share on this site. We want to expand it further. Give us the tools to enable us to do that, but to restrict development elsewhere."?

Mr. Malik: I will come to the local level shortly.

The general principle and rule is that the Government have no power to prevent applications from coming forward. That is critical. Furthermore, the Government may intervene in the plan-making process if they consider that the constraints being proposed by local authorities are too great or are poorly justified. The policy also states that local planning authorities should not identify generalised locations for development based, for example, on mean wind speeds because technological developments might mean that additional sites become suitable.

The regional spatial strategy for the east midlands was adopted in March 2009. It sets out the long-term spatial vision and provides the broad development strategy for the east midlands until 2026. It sets the policy framework within which local authority planning documents are prepared. Policy 40 on regional priorities for low-carbon energy generation sets out the criteria that local planning authorities should consider for onshore wind energy development. The regional spatial strategy also states:

> "Planning authorities should not, however, adopt policies that would in effect impose a blanket ban on on-shore wind energy projects."

The east midlands currently lags behind other English regions with only 2 per cent. of its energy coming from renewable sources. The regional target is for 20 per cent. of energy to come from renewable sources by 2020. The regional spatial strategy therefore recognises that there must be a complete change in attitude in planning practices. Local planning authorities must accept that far more energy generation schemes using innovative renewable technologies must be accepted if renewable energy targets are to be achieved.

Mr. Bone: I am not sure whether the Minister follows my hon. Friend's argument. The wind farm that crosses our constituencies creates more power than the requirement for the whole of Northamptonshire. The rest of the east midlands may well not be doing its fair share, but Northamptonshire is doing more than its fair share. That is the point we are trying to make.

Mr. Malik: I think that Northamptonshire should be applauded for the amount that it does. It stands to reason that we cannot expect each part of each locality to contribute the same amount to this fight. As the hon. Member for Kettering said, some areas are better suited to this kind of technology. Some people will always feel that they are doing more than their fair share. That is why I am looking at the matter from a regional perspective.

The spatial strategy for Northamptonshire is delivered by two joint planning units. There is one for north Northamptonshire, which covers Kettering, Wellingborough, east Northamptonshire and Corby, and one for west Northamptonshire, which covers Northampton, Daventry and south Northamptonshire. I turn first to north Northamptonshire. The core spatial strategy was adopted in June 2008. It was the first in England to be adopted, which was an excellent achievement. The plan covers the period up to 2021 and sets out the vision and objectives for existing and new communities. It tackles environmental concerns, particularly to do with climate change, and identifies the potential to promote environmental technologies. Policy 14 states that developments should meet the highest viable standards of resource, energy efficiency and reductions in carbon emissions. The core spatial strategy for west Northamptonshire is currently being developed and it is anticipated that publication for consultation will be in November 2009.

All the policies I have described provide the context against which all proposals for wind farms should be assessed. Local planning authorities should take into account the individual and cumulative effect of wind generation developments and make an assessment at the planning application stage. However, local planning authorities should not set arbitrary limits in local development documents on the numbers of turbines that will be acceptable in particular locations. It is a fundamental principle of the planning system that each application must be decided on its individual planning merits.

The hon. Member for Kettering mentioned that at Burton Latimer, just south of Kettering, there are 10 operational wind turbines and there is consent for a further seven turbines on the same site. About 25 per cent. of the homes in Kettering benefit from the energy produced at that site. It will reduce carbon dioxide emissions by 40,000 tonnes per year, which is equivalent to taking 25,000 cars off the road. That is a phenomenal achievement. I understand that there are other proposals both in and adjacent to Kettering. However, I am unable to comment on specific planning applications that are currently in the planning system given the Secretary of State's potential role.

The Government have made it clear that wind farms should be located in appropriate places and that local concerns should be given appropriate consideration. As I said, the local planning authority considers each proposal on its merits and within the policy context. As with

other proposals, all commercial renewable energy developments are subject to formal planning procedures that allow all relevant stakeholders, including members of the public, to put forward their views on the likely impact of any proposals on the environment and the local community.

Mr. Hollobone: There are still a few minutes left. Why can local councils zone areas for residential and industrial development through planning documents and local development frameworks, but not for wind farm development?

Mr. Malik: It is clear that those examples are like apples and pears; the two cannot be compared. Having said that, I do not suppose that that could not happen, but we do not do it currently. There are good reasons for that.

Like most other planning applications, wind farm proposals are a matter for local determination. However, renewable energy and the development of wind farms are important to the Government and the nation in their overall aims of reducing carbon emissions and energy security. I assure hon. Members that, as with any proposed development, individual schemes will have to submit planning applications. That process allows for full public consultation and robust testing for each application, and they will be decided on according to their merits.

Finally, I thank the hon. Members for Kettering and for Wellingborough (Mr. Bone) for contributing to this debate on an issue that is important at a national, regional and local level. It has given me the opportunity to set out the importance of wind farms within the wider challenge of increasing our ability to produce energy from renewable sources.

Question put and agreed to.

1.59 pm

Sitting adjourned.

Westminster Hall

Wednesday 1 July 2009

[Mr. Jim Hood *in the Chair*]

Railways (North of England)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mark Tami.)*

9.30 am

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): At the outset, may I say that I appreciate the difficult circumstances of the debate? I will not be referring to this morning's news about the east coast main line being taken into public ownership, principally because I understand that a statement will be made to the House later today. It is only right that the House itself is given the first word from Ministers on the issue, and I shall respect the rights of the Commons and the strong views of the new Speaker in that regard.

The Parliamentary Under-Secretary of State for Transport (Chris Mole): I echo the point made by my hon. Friend. A statement will be made in the other place at 3.30 pm today and repeated in this House by the Minister of State, Department for Transport, my right hon. Friend the Member for Tooting (Mr. Khan). It will set out our response to this morning's statement from National Express on its east coast franchise. I am sure that hon. Members will be able to ask questions at that time.

Ms Smith: I thank the Minister for that intervention. It is only fair to put on the record some recognition of the levels of investment in rail during recent years. As Lord Adonis said in the transport manifesto that he presented to the *Transport Times* conference last week, more than £150 billion has been invested in transport infrastructure over the past decade. Network Rail has made it clear that during the next five years, we will embark on an investment programme that is bigger than any seen for a generation. In many ways, we are all aware that the time has come for railways. In recent years, we have seen substantial growth in passenger demand and it is anticipated that more is to come. There is increasing recognition of the role that rail can play in reducing our dependence on carbon, which is an important context for the debate. Last week, Lord Adonis again talked about

"making low carbon travel a better and steadily more viable and attractive choice within, and between, different modes of transport".

Obviously, that will be extremely important in future years.

However, that record of investment in rail and recognition of the need to continue investing has to be set in the context of a deal for the north of England that is less than satisfactory—in other words, the north has not had its fair share of the cake. Statistical analyses of 2009 public expenditure show that spending per head on transport was £783 in London. However, in Yorkshire and Humber the figure was just £213, and in the north-east it was even less at £206, although the north-west was relatively lucky in receiving £278 per head. The figures show that spending in three of the regions I have mentioned was more than three and a half times less than it was in London. In the case of Manchester, it was three times less than London.

Northern Rail has had no new carriages for the past five years, whereas franchises providing commuter services in London and the south-east have had 580 new carriages over the same period. In 2007, approximately a third of the rolling stock serving demand for rail travel in the northern passenger transport areas was 20 years old or more. In 2009—this year—that proportion will have increased to around 40 per cent. of the fleet.

Overcrowding is becoming a real issue in the north of England. Some 60 per cent. of all peak-hour arrivals on Northern Rail services carry standing passengers, and in Manchester more than half of all trains in the peak period have standing passengers. In Merseyside that figure is more than a third and in Newcastle and Sheffield the numbers are substantial and increasing. The reason is the considerable growth in rail journeys between 1995-96 and 2007-08. Rail journeys increased by 70 per cent. in west Yorkshire, 57 per cent. in Greater Manchester, 43 per cent. in south Yorkshire, 37 per cent. in Merseyside, and 20 per cent. in Tyne and Wear.

Between 2006-07 and 2007-08, TransPennine Express saw numbers of passenger journeys increase by 11 per cent., which is second only to levels of growth experienced by First Capital Connect. The White Paper, "Delivering a Sustainable Railway", which was published in summer 2007, conceded that in relation to conurbations outside London, there has been rail passenger demand growth of 60 per cent. over the past decade, and that had been the norm for those cities. By comparison, the figure is 32 per cent. in London. Network Rail estimates that by 2025, many lines across the network will have no further capacity, even after the currently planned investment has been implemented.

For hon. Members who represent the north, the weighting of rail investment in favour of London and the south-east is clearly unfair, especially given the evidence of upturns in demand in the north and the growing problems with capacity in our great northern cities. What needs to be done to redress the situation? Well, obviously, first of all we need a commitment from the Minister that forthcoming decisions on rail investment will be used to balance spending allocations by focusing on the needs of the north of England.

We need a commitment to the Manchester hub. Some £175 million was spent preparing the Crossrail project. We need a serious commitment soon to developing and funding Manchester hub proposals. Why? Because we are dealing with capacity constraints in Manchester that are absolutely key to extending capacity on the current network across the north and to building new capacity in the interests of the whole of the north. Perhaps it should be termed the northern hub. I suggested that to Radio Manchester this morning—although I do not think it entirely liked the idea. Doing so would ensure that all northern regions realise how important it is to support the Manchester hub, as it is now known, in representations to the Government.

We also need investment across the northern network in a whole range of ways, including work on the Leeds to Selby and York corridor. During peak hours, many trains are close to or, in a few cases, beyond nominal capacity on that corridor. Significant overcrowding is forecast if additional capacity is not provided. Network Rail is planning improvements in capacity on the line,

[Ms Angela C. Smith]

but in the long term it envisages that the corridor east of Leeds will need significant enhancements to deal with potential growth—for example, increasing tracking to four tracks on part of the route or carrying out infill electrification.

As a Sheffield MP, I do not want to obsess too much about Leeds, but, in recent years, the Leeds to Manchester route has also experienced rapid growth in demand for fast services across the Pennines. Forecasts of future growth suggest significant overcrowding is likely and that demand management will be necessary unless additional capacity is introduced. Again, some minor capacity improvements are planned by Network Rail, but Network Rail itself thinks that more line speed improvements are required and that significant capacity enhancement is needed if we are to deal with the demand on that line.

I shall now turn to Sheffield—the greatest city of them all, in my view. In the medium to long term, we expect significant increase in demand on the route from Sheffield to Doncaster. In terms of both passenger and inter-modal freight traffic, we need to think seriously—this is Network Rail's view—about four-tracking part of the route and having enhanced access to Rotherham Central and an improved track layout at Doncaster. In addition, it is the view of the South Yorkshire passenger transport executive that a small project costing in the region of £15 million for a pilot tram-train from Meadowhall to Rotherham would be an incredibly wise and useful investment on the part of the Department for Transport.

Turning to the midland main line, it is essential to shorten journey times for direct services from Sheffield to London St. Pancras. It is ludicrous that it should take more than two hours to travel the 165 miles from Sheffield to London. Of course, electrification of the line could increase the capacity for carriage of freight.

Finally, there are the big projects that the north needs, such as High Speed 2. We have made the case repeatedly in Westminster Hall debates, and Northern Way has clearly made the case for two high-speed lines north to south, and for a new trans-Pennine rail link between the east and west of the country. Members would expect me to mention the Woodhead route at this point, but it is likely that that would be the best means of building a trans-Pennine link.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I am sorry that I cannot be with my hon. Friend for the whole of this debate. I congratulate her on succeeding in securing it. As well as the reduction of congestion and the benefits to the economy, does she accept that there would also be major benefits to the environment from two of those projects? First, electrification of the midland main line would result in a cleaner railway and, secondly, high-speed rail lines serving both sides of the country would, we hope, attract people away from short-haul air transport. That would benefit the environment considerably.

Ms Smith: I agree with my hon. Friend about the environmental impact of high-speed rail. It was made absolutely clear at the Transport Committee last week in evidence from witnesses that the likely impact of high-speed rail would be to reduce short-haul domestic flights. There is a rock-solid case for such investment.

The economic case for high-speed rail twin routes going up the east and west coasts is based on estimated agglomeration benefits of £10 billion, with the benefit of increases in gross domestic product focused primarily on the north. Nevertheless, that £10 billion represents a benefit to the whole economy, partly because the establishment of high-speed links between the north and the south, and the east and the west, would help to integrate the national economy, thereby benefiting London and the south-east as well as the north of England more generally. It would help in many ways to close the gap between productivity in the north and the national average, which at present is £30 billion.

Furthermore, there is an argument that establishing new, fast links between the east and the west of the country could help to reduce congestion more generally. One of the problems with the rail network is that it runs primarily from north to south. The more we develop links from east to west, the more we can encourage business traffic and growth in those directions, helping to reduce congestion more generally.

My final point about high-speed rail is that the agglomeration benefit of establishing high-speed lines to the north would be more than twice what the DFT estimates for the wider economic benefits of Crossrail and Thameslink put together.

Will the north get its fair share? That is a fair question, given the distribution of rail investment so far, the difficulties that many contemplate will emerge from the next round of public spending allocations and the spending commitments already made on Crossrail of at least £16 billion, if not more; to Thameslink of £5.5 billion for an upgrade; and to the Olympic Delivery Authority, which has a transport budget of £897 million. The key worry for those of us who represent the north is that our investment will be squeezed to protect those budgets.

We are worried because early indications of DFT thinking are not encouraging. If Members cast their minds back to January 2008, they will remember that the DFT set out proposals to implement high-level output specification. Increased rolling stock was to be provided to each train operator. Northern Rail was promised 182 new vehicles, including 24 electrics and 158 diesels. In an update in July 2008, those figures were confirmed, yet PTEs have been in detailed discussion with the DFT for some months about the plan for Northern Rail and, although the offer is still under development, it is clear that the offer from DFT is now, at best, for little more than half the 182 carriages previously offered.

Dr. Brian Iddon (Bolton, South-East) (Lab): Does my hon. Friend agree that it is not just the quantity of rolling stock, but the quality? Some of the rolling stock that passes through Bolton Trinity street station should, frankly, be scrapped. We need replacement carriages as well as additional carriages to meet the extra demand.

Ms Smith: I totally agree with my hon. Friend. As I said earlier, approximately one third of the rolling stock that serves demand for rail travel in the northern areas is more than 20 years old. That is something that really puts people off travelling on trains. If the stock is old, and if capacity on the network is restricted, people will not use the railways—they will stay in their cars.

The DFT cites lower demand forecasts as a result of the recession, yet PTEs have not observed any significant change in the number of local rail passengers travelling in peak periods. They believe that is probably because of suppressed demand caused by the lack of previous investment in capacity. That is the irony of the current position, and it absolutely underlines the point made by my hon. Friend the Member for Bolton, South-East (Dr. Iddon). On the basis of the reduced offer, PTEs estimate that many trains will be very crowded by 2014; for example, it is estimated that by then, 30 trains in Manchester will be running at more than 100 per cent. capacity.

The reduced offer is not acceptable, and it suggests key questions. Why the reduction? We need answers quickly to that question. Has the overall number of 1,300 additional carriages nationally been reduced as well, in line with the reduction for Northern Rail? How does the DFT plan to meet the high-level output specification for reducing crowding in major cities with such a reduction? What evidence can the DFT put on the table to demonstrate that the recession has reduced the number of people travelling in peak periods in the major cities outside London?

Mr. Eric Martlew (Carlisle) (Lab): I am sorry to interrupt my hon. Friend's excellent speech. Given the news today about National Express and the possible loss of the franchise, would it not be helpful if the Minister could give us an update on the present situation when he winds up?

Ms Smith: My hon. Friend may not have heard the Minister's initial comments to the effect that there will be a statement to the whole House this afternoon. We undertook not to say anything on the basis that it would undermine the rights of the House.

Mr. Martlew: I apologise for being late.

Ms Smith: We need evidence from the DFT to demonstrate that the recession has reduced the number of people travelling in peak periods in the major cities outside London.

I look forward to the Minister's answers to those questions, and to the biggest question of all: does the apparent pulling back from capacity investment by the DFT indicate that the north will continue to be disadvantaged in terms of rail investment, or will Ministers commit to redressing the balance?

9.49 am

Sir Alan Beith (Berwick-upon-Tweed) (LD): I congratulate the hon. Member for Sheffield, Hillsborough (Ms Smith) on securing this timely debate, and on focusing so helpfully on the gap in railway investment between the north and the south, and on our needs. As she acknowledged, the Minister said he was somewhat inhibited as to what he could say this morning about National Express, but I have no such inhibition. I do not need to be prevented from expressing my frustration at the situation that has arisen, before I turn to the investment issues of other companies.

As far as National Express is concerned, we have been through all this before. We went through GNER's walking away from the franchise. We cannot go on like this, because the east coast main line suffers a degree of instability as a consequence, and there is an accompanying effect on the morale of the dedicated staff, many of whom have now worked for both companies and have had such a frustrating time. It was a tragedy when we lost GNER, which was a standard-setter for customer service in the industry. It was a loss to the industry when GNER was unable to continue. It suffered from one of the features of the franchise system, which is winner's curse: the pressure to put in a high bid to get a franchise regularly leads companies to offer or accept terms they cannot subsequently fulfil. Now that has happened to National Express as well, and the problem has been exacerbated by the effect of the recession on rail travel.

During National Express's tenure there has been some reduction in customer service standards on trains. There has been some improvement in punctuality, which is welcome and which the company made a priority, but there have also been problems owing to the investment concerns that the hon. Lady mentioned. There are a lot of problems with National Express's inherited rolling stock, particularly toilets and catering vehicles failing and coaching stock having to be taken off trains, leading to shorter, overcrowded or cancelled trains. This is old rolling stock, which appears to present some serious maintenance problems. That has worsened the customer experience for a lot of people over the past few years.

We will learn later today what is to happen. I assume that we will be into another management contract and then another round of bidding, and somebody else will get winner's curse and we will have another episode such as the ones we have gone through twice before. However, I sincerely hope not, because we need some stability on this vital, heavily used rail service that is, as the hon. Member for Sheffield, Attercliffe (Mr. Betts) said earlier in relation to other rail services, extremely important environmentally, because it transfers significant numbers of people who would otherwise fly. Passengers in Newcastle and Edinburgh regularly choose whether to take the train or to fly. Nowadays, flying is often cheaper than taking the train. It is in all our interests that the rail service continues to draw custom that would otherwise go to air services. So we will wait to see what happens later today.

It was not quite clear from the Minister's intervention how the timing will be managed. Do we assume that, because the primary statement will be made by the Secretary of State in the House of Lords, the statement in the House of Commons will not take place until afterwards? The Minister nods, so I will presume—unless he contradicts me—that business in the Commons will be interrupted at some point this afternoon by a statement.

Let me mention some other franchises that affect the north-east of England in particular. The hon. Lady referred extensively to Northern Rail, which is a major provider of services across the north-east of England. The part of the Northern Rail franchise that most affects my constituency is the one that gets the oldest trains—the Morpeth-Chathill service, which features a train that stops at a place where nobody is allowed to get on it. I will mention that train later. On Northern Rail's investment in rolling stock, it is important that we eventually get rid of the old the Pacer-type trains, which are still used on some services. Northern Rail has significant investment needs.

[Sir Alan Beith]

The cross-country franchise is vital to the provision of services from Berwick and Alnmouth and Morpeth, and it helps to provide a link into the east coast main line services from those stations, where the mainline trains do not stop. It therefore increases the mainline service and provides valuable links right across country to the midlands, the south and west. Investment in and maintenance of that franchise are important.

TransPennine Express is used a great deal and provides a significantly improved service. I have used that service over many years, and it would be wrong not to acknowledge how much better it is now than in my early days as a Member of Parliament. However, people realise, having travelled in continental Europe, how much more could be achieved in terms of quality of service, timetable reliability and integration with other public transport services. We still seem to be struggling to get to the standards found in other countries, and it will take more investment to achieve that.

The mystery train that stops where no one can get on it is the one that goes twice daily to Belford, in my constituency, and turns around there. Nobody is allowed to get on it because the platform was taken away some years ago. We in the constituency are trying to get the platform rebuilt. A project is well under way and I think we are getting closer to its fruition. I mention that today because I want a new crop of Ministers to be aware that we really want to see this project through. It does not involve running extra trains or employing extra staff; it simply involves putting in place a platform, so that people can board a train that sits twice a day at Belford, thus enabling them to commute into Newcastle by train, and enabling visitors to use rail services in a popular tourist area.

Mr. John Leech (Manchester, Withington) (LD): That is a perfect example of an easy win, whereby a relatively small amount of investment in the railways could massively improve a service to local people.

Sir Alan Beith: Yes, and there are a number of good examples of that happening, but usually they are frustrated by tiresome issues such as the short platform problem that we have struggled with at Belford. We are told that there is a possibility that a train might arrive at the station with either the guard not warning passengers or too many doors being opened, perhaps allowing somebody to step out where there is no platform. Risk-aversion has been taken to an absurd length on some of these issues, making it more difficult to do simple things such as putting in a small platform to serve an area where the trains are relatively short in any event.

I encourage the Minister to remain interested in the Belford project and, of course, in other projects to develop rail services in Northumberland, such as reopening lines in the Bedlington and Ashington area, which could draw significant numbers of passengers into using rail, rather than private cars, for journeys to work into the Tyneside conurbation. There has been some progress on that front, and I want it to continue.

High-speed rail will be of crucial importance—either positive or negative—to the north-east of England. It will be positive if the north-east is involved, but projects discussed by both Government and Conservative Front Benchers do not involve the north-east, at least until some imagined later stage. I mention a positive or negative impact on the north-east because if high-speed rail becomes a means simply of linking Yorkshire and London, the north-east will suffer significantly owing to an increase in the imbalance of development and investment—including general commercial investment—away from the north-east and into those areas served by high-speed rail. High-speed rail could be seriously damaging to us if it does not come to the north-east, which, of course, can be part of its route to Scotland. High-speed rail could further increase the links, communication and economic activity between the north-east and Scotland.

Throughout the development of the "Northern Way" initiative, it has been a worry in the north-east that this was a Hull-to-Liverpool axis approach, with the north-east being left out. High-speed rail matters to the north-east, and many factors—including the impact on transfer from air to rail, and making the region more attractive to investors who want to be in an area well linked to the south of England—make it central to our economic regeneration. I place on the record today that the north-east wants to be part of high-speed rail.

9.59 am

Graham Stringer (Manchester, Blackley) (Lab): Public expenditure will go over a cliff at some time in the next 12 months to two years, and I congratulate my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) on bringing to the attention of the House the disparities in investment in rail between the north and the south of England. When the inevitable happens and public expenditure falls, expenditure in the north of England could go over Beachy Head while that in other parts of the country could go over a cliff the size of the kerb, or even go slightly uphill. The reasons are obvious. There are huge commitments for capital expenditure in London on Crossrail, Thameslink, and the links to the Olympic games. We must not forget the public-private partnership and the underground. Earlier this week, or perhaps last week, the National Audit Office pointed out that £400 million had been wasted on that project alone, which is more than is spent on heavy or light rail in any part of the north. It is an extraordinary amount.

We are disadvantaged because of the money that goes to the south. My hon. Friend gave the figures showing the investment going into London and the south-east compared with that in the north. I shall make two points on that. First, per capita expenditure in London over the past 12 months increased from £667 per head to £783 per head, and that difference is half the per capita expenditure in the north-east. That one-year increase is extraordinary.

Secondly, although I am numerate, it is difficult to keep up with the number of Secretaries of State for Transport and rail Ministers over the past 12 years or so. However, I have asked all of them to justify not the difference in investment between the north of England and the south-east and London—I understand that it is crowded down here, things cost more, there may be more cost benefit and added value from investment, and that the investment reflects the structure of the country—but the increasing difference in investment, which is getting worse. Not one has been able to do so. Will my hon. Friend the Minister rise to that challenge and explain why the difference is so great?

There are two justifications for public money. One is that it will help the country's economy, and the other is that it will alleviate social deprivation. The money going into the London system is usually based on added value, although there is obviously poverty in the south. One might expect the same criteria to apply to money that is spent in the north-west, but the Northwest regional development agency, which has some eccentric policies, does not follow either of those policies. It neglects rail transport to a large extent, unlike Yorkshire First and some of the other RDAs, but its spending per head of the population in Manchester, where there would be the greatest added value, is half what Merseyside receives, which is probably where there would be the next greatest added value, and a third of what goes to Cumbria. Expenditure is not based on poverty or added value.

Mr. Martlew: Will my hon. Friend give way?

Graham Stringer: I have mentioned Cumbria, so I am delighted to give way to my hon. Friend.

Mr. Martlew: I understand what my hon. Friend says, but does he accept that Cumbria comprises 45 per cent. of the land mass of the north-west?

Graham Stringer: I do accept that. It is a fact. I am talking about expenditure per head of population, which is a reasonable basis for comparison.

My hon. Friend the Member for Sheffield, Hillsborough set out the state of the rail system in the north of England. Yesterday, a passenger survey highlighted the poor state of the train service there, and showed that over the past six or nine months passengers have become less satisfied as trains have become more crowded, people have found it more difficult to get on them and the state of platforms has deteriorated, and because of the lack of staff on platforms. I have said—it is worth repeating—that the speed of many trains in the north of England system would have embarrassed Gladstone. They are slower than in the 1880s, which is extraordinary.

I want the Government to assure us that when public expenditure cuts come there is positive recognition that the position cannot get much worse; we could get a fraction of the investment that we receive now. I also want them to respond to the disparities. The needs are obvious, and we need investment in the system. My hon. Friend the Member for Sheffield, Hillsborough mentioned the Manchester hub. I do not mind whether it is called the northern hub or anything else, because we are talking about taking out the pinch points on the routes between Liverpool, Manchester and Leeds, between Manchester and Sheffield, between Bradford and Preston, and on routes that run parallel with the country's major north-south routes. Removing those pinch points, whether Salford or Slade lane junction in Manchester, would benefit the whole of the northern system.

MPs, not just in Manchester or the north-west, but from the whole of the north of England, must say that we want that increased capacity in the system, because we would all benefit economically, socially and environmentally. I am not sure whether this is a party political point, but in the run-up to general elections, parties tend to say "yes" more easily than Governments say "no" after elections. It would be a valuable exercise for all of us to try to get into our party manifestos a commitment to investment in the northern rail system, and to rectify some of the imbalance in investment between north and south.

High-speed trains have been mentioned. I do not see a conflict between increasing capacity in the northern rail system—the Manchester hub idea—and the high-speed train. The high-speed train is a long-term project, which should benefit the whole country up to Glasgow and Edinburgh, including Newcastle, Manchester and Leeds, in whichever of a number of ways it is done. However, we should not lose our focus on the need for immediate investment in the northern rail system as well as major national infrastructure improvements in the High Speed 2 project. It would be easy for the Government to say that they will not do the former because they are looking at High Speed 2, which is a good thing. I welcome the vision of the new team at the Department for Transport and their support for the high-speed link, but it must not be used to divert attention from the immediate needs in the system.

My final point is about the figures, which are difficult to get, and this is a dramatic way of looking at them. In London over the next 10 years, around £80 billion of capital will be invested in transport, and the mayoral candidates last year claimed that they would invest £40 billion during their period of office, and the figure is about that. The figures are extraordinary, and I gave the per capita figures. The figures—they are very loose and difficult to get to—are 30 to 40 times greater than the investment that is going into the north-west of England. That simply cannot be justified on any basis that I can understand. I hope that all political parties take note: if we want this country to be as wealthy as it should be and the environment to be as good as it can be, we need to use the strength of our regional cities, which means supporting the transport infrastructure that goes to them, so that they can play their part in the economic growth of the country.

10.10 am

Mrs. Ann Cryer (Keighley) (Lab): This may not be relevant, but I declare an interest, in that I hold five £10 shares in the Keighley and Worth Valley Railway Company, which, I hasten to add, does not pay a dividend. I am also the president of the Keighley and Worth Valley Railway Preservation Society, which is the major shareholder in the company. The society is run on highly democratic lines—we do not have a Sir Topham Hatt, the fat controller. I am here simply to support my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) and I congratulate her on securing this timely debate. I shall be brief, as many hon. Members with an abiding interest in the subject are anxious to speak.

I look forward to hearing this afternoon's statement about the future of the east coast main line's major operating company. Many of us have had anxieties about that subject for some time, given the importance of the company to the future economic well-being not only of the Worth Valley railway—it transports our visitors and volunteers—but of the north of England generally, including my constituency.

I agree with the well-informed criticisms made by my hon. Friend and others; there is little point in repeating them. However, on a positive note, I should like to

[Mrs. Ann Cryer]

mention a few things that have happened since I was elected. When I was first elected in 1997, both the Aire and Wharfe Valley lines, which run through my constituency to Ilkley, had cascaded-down rolling stock that was antique, to say the least. The carriages had slam doors. Of course, the train could not move off until the doors had been closed, and someone as short as me took their life in their hands by leaning out of the compartment to get hold of the door to close it. I am very pleased that we have got away from that and we now have the excellent units that ply between Leeds and Skipton, through Keighley, and to Ilkley. That makes the lives of my constituents, and particularly those who commute to Leeds and Bradford each day, much better. The main problem with the units is that they do not have elastic sides. Therefore, at peak hours there is major overcrowding. As I frequently get on at Saltaire and the overcrowding is at a peak at that point, I often have to stand to Leeds.

The upgrading of Leeds City station took place a number of years ago. We now have 16 platforms there. It is a completely different station from the one that we inherited in 1997. I am pleased with the way in which it has progressed. Leeds is now a real railway hub and most of us in the north-east are proud of it.

I am very grateful for the improvements, but as an old-fashioned socialist, I still believe that privatisation of the rail network and operating companies was a mistake. Network Rail is a welcome improvement, but as today's news shows, the operating companies and the method of awarding contracts are unsatisfactory, to say the least. I hope that later today we shall have some good news that will resolve some of those problems.

10.14 am

Dr. Brian Iddon (Bolton, South-East) (Lab): I, too, congratulate my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) on gaining this important debate. I am able to participate only because my Select Committee sitting this morning was cancelled, so I am here at short notice.

The Bolton-Manchester rail corridor is one of the busiest in the country. I think that my hon. Friend the Member for Manchester, Blackley (Graham Stringer) will agree with that. Trains come through Trinity Street station in Bolton from all over the country—trans-Pennine trains as well as local commuter trains. There is a real problem on that line because there are only two tracks in and out of Manchester, so there is congestion, for a start, between the express trains, which obviously want to travel extremely fast through the Manchester terminals, and the local commuter trains. As a result, the small stations of Farnworth, Moses Gate and particularly Kearsley have lost rail services to make space for the express trains. That is one disadvantage of increased rail use.

Just before Christmas, the timetabling was altered completely, to the great disadvantage of my constituents. The reason for that was a much-improved west coast main line service between Manchester Piccadilly and London. To make way for increased capacity on Virgin trains, many of my constituents' timetables were altered so that getting to work on time was a great problem. Many of the trains were diverted from Piccadilly station, where most of my constituents want to go, particularly the students going to Manchester Metropolitan university, Salford university and, of course, the great university of Manchester—it has an enormous number of students and is one of the largest campuses in Europe. Instead of going to Piccadilly, many trains have been diverted because of the increased capacity of Virgin trains at Piccadilly; they have been rerouted to Victoria station in Manchester. That means that people have to cross town, which adds time to their journey, and many of my constituents are arriving late.

There is a greater difficulty, in that many of my constituents get on at two of the small stations that I have mentioned—Farnworth and Moses Gate—and many of the commuter trains going through Manchester in the morning and coming back in the evening have only two carriages. Ironically, at least one of those carriages will have first-class capacity, which no one uses. People are crammed in like sardines in one and a half carriages and there is a completely empty first-class compartment. That is nonsensical. The trains fill up at Bolton Trinity Street. I use the trains myself. I never bother taking a car into Manchester. I always use the train, and every time I use those trains I am crammed in, squashed against a door. I am hardly able to get out at Manchester sometimes when the trains are going through, perhaps to the airport. It is very uncomfortable.

Colin Challen (Morley and Rothwell) (Lab): People have a similar experience in my constituency in Leeds, which has two stations that are the last on the line before Leeds City station. The best way of tackling that problem is to increase capacity—increasing the number of carriages. Surely that is the cheapest way of getting people out of their cars, making the modal shift and reducing the number of those short commuting journeys by road.

Dr. Iddon: My hon. Friend is right: that is the crux of the debate. I have been the Member of Parliament for Bolton, South-East for 12 years and I have been writing to successive Ministers and Secretaries of State, pointing out the chaos that existed in 1997 when I was elected. With increased rail use, one can imagine that the situation has now become extremely demanding for my constituents, and they have been writing to me in increasing numbers complaining about not being able to get to work on time or even not being able to get to work at all. The trains fill up at Bolton Trinity Street and by the time they get to Farnworth and Moses Gate, people are left standing on the platform. They cannot physically get on the train. It is bad enough for an able-bodied person such as myself and many of my constituents, but let us imagine a disabled person or an older person trying to board trains that are no better than cattle trucks.

Graham Stringer: I agree with my hon. Friend's points. Does he agree that it will be a shocking disgrace if the train units on the Oldham line which are removed when it is converted for tram use do not stay within the north-west area, and preferably on the Bolton line? The Department for Transport has not made it clear whether those trains will be left in the north-west system, as was originally envisaged.

Dr. Iddon: Indeed. I was coming to that very point, and perhaps I will pick up on it before I conclude. I entirely agree with my hon. Friend.

Many constituents who are left on the platforms then have to find an alternative route to work. They either have to take a gamble and stay on the platform for the next train, which will probably also be overcrowded, or they have to take a local bus into Manchester. A number of constituents have written to me saying that they regularly arrive at work in Manchester or Salford more than an hour late. If that happens frequently, as it does, it puts jobs at risk.

Hon. Members can imagine what happens in those circumstances: my constituents abandon the rail service and go back to the roads—all this nonsense about trying to persuade people to get out of their cars and on the trains certainly does not apply to my constituents. Although there is congestion on the roads into Manchester in the morning, my constituents at least know that they will get to work if they set off in time, whereas it is a gamble on the train, because they may not get on.

The solution is obvious—all my constituents can see it. Instead of having two carriages on the trains, with part of one carriage being first class, why on earth can we not have another carriage or, indeed, another two carriages? We need to go from two to four carriages on every train going into Manchester in the morning rush hour and returning from Manchester in the evening rush hour.

Mrs. Cryer: It has just occurred to me that we have perhaps not mentioned something. Rail is still the safest form of travel, so when my hon. Friend's constituents are pushed from rail to road, they may also finish up in an accident and emergency ward.

Dr. Iddon: Rail should be the safest form of travel, but a disabled person or an older person standing in the middle of the crush on a train will not think so. Older people need to sit down, and disabled people certainly need to, but it is not possible to sit down on these trains. Nobody will give up their seat, although it probably would not be possible to get to the seat in any case. Hon. Members have to see these trains—they are like the London tube at the busiest periods in the morning and the evening, and that is constant.

I have travelled on these trains not just at rush hour, but at various hours of the day. I have travelled on airport trains from Bolton to Manchester in the afternoon, which have the added feature of luggage. Incidentally, the number of airport trains through Bolton has been reduced. We are trying to encourage people to use Manchester airport, and another platform is being built there to encourage people to use the trains, but getting on the train to the airport is a problem. In addition to the passengers, there is sometimes so much luggage that it is on the seats, which prevents people from sitting down. I wish that I could demonstrate that physically so that hon. Members could see the absolute chaos on the Bolton-Manchester rail corridor.

My hon. Friend the Member for Manchester, Blackley mentioned the Oldham loop, and five trains plus the rolling stock will be coming off it shortly. Councillor Keith Whitmore, who is chairman of the Greater Manchester Integrated Transport Authority, and his vice-chairman, Councillor Ian Macdonald have written to the Secretary of State about the loss of the trains from the Oldham loop. Why can we not keep trains that are already operating in the north-west on the tracks at another location in the north-west to alleviate some of the problems that I hope that I have described on behalf of my many constituents who are suffering?

My hon. Friend the Member for Sheffield, Hillsborough mentioned the reduction in Northern Rail carriages from 182 to 142, although the latest figure that I have heard is 106. As she said, that is a dramatic drop.

Ms Angela C. Smith: My hon. Friend may recall that the latest figures are for less than half the 182 vehicles promised.

Dr. Iddon: Then I am even more surprised. My hon. Friend did not mention the reduction in numbers on the TransPennine Express. My figures—she may have different ones—show a reduction from a promised 42 extra vehicles to 24.

I say to my hon. Friend the Minister that if this situation continues, the Government will face increasing criticism. Things are already so bad in my constituency that they cannot, frankly, get any worse.

10.25 am

Mr. David Clelland (Tyne Bridge) (Lab): I congratulate my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) on securing this important debate, which is set against the background of massive investment in our railways, improvements to existing railways and the floating of proposals for High Speed 2. The Government can be congratulated on the investment that has gone into the railway system.

Regrettably, little of that investment impacts directly on the north and particularly the north-east—an irony, it might be argued, given that the railway system was born in the north-east, which gave the country its first railway line. My colleagues and I are therefore putting the case for the north. Although we appreciate the need for investment in the south's transport infrastructure, we want to draw attention to the imbalance in the allocation of resources to the north and the south. That has been admirably highlighted by my hon. Friends the Members for Sheffield, Hillsborough and for Manchester, Blackley (Graham Stringer), so I will not repeat the figures.

Transport infrastructure is crucial to the economic and social development of our regions. That is true of every region, but it is even truer of the north-east. Our inter-regional and intra-regional transport corridors leave much to be desired. Our road and rail infrastructure badly need investment and improvement, as well as an integrated approach that boosts investment and social mobility across the region and beyond.

The east coast main line is a major artery, linking the north-east to Scotland to the north, and linking it to London and stops in between to the south. It provides a good service and it is popular, but recent events are worrying. Ministers need to reassure us that the trains will keep running and that the staff will continue to be paid, and we look forward to this afternoon's statement on the issue.

The north-east's economy has traditionally lagged behind the national average, but it has held up well in recent years, even in the face of national and international economic difficulties. It is a credit to our businesses, our local authorities and the Government that that is the

[Mr. David Clelland]

case. However, if we are to maintain and improve on the progress that has been made, we cannot afford to rest on our laurels. We need to continue to improve the conditions that are essential if business is to thrive and employment is to grow. That means that High Speed 2 must come to the north-east. It also means that we must ensure a high degree of mobility in the region.

Two rail projects in particular could make a major contribution to the economic and social future of the north-east and could, with a little encouragement from the Department for Transport, become a reality. The first, which was mentioned by the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), is the Ashington, Blyth and Tyne railway, which would be a fully operational system linking Ashington, Bedlington and Blyth to Newcastle. Reintroducing passenger services on the lines involved would encourage economic development, facilitate social mobility, relieve congestion on Northumberland's busy roads and reduce the traffic that ends up in Newcastle city centre. It would also be better for the environment than the car movements that it would replace.

The second project is the Leamside line—another operational railway line that became redundant in the 1960s, but which, given today's increased traffic and overcrowded trains, offers a real source of relief and an important connection between the Tyne and Tees valleys, linking Newcastle and Middlesbrough with useful stops along the way, including, not least, Washington New Town.

Those two projects would cost a tiny fraction of Crossrail, they would involve little disruption and they would contribute greatly to the prospects of the north-east and its people. I therefore look forward to signs of encouragement from the Minister and to a more optimistic prognosis for the north-east's transport infrastructure.

10.29 am

Mark Hunter (Cheadle) (LD): It is a great pleasure to have the opportunity to contribute under your chairmanship, Mr. Hood. I congratulate the hon. Member for Sheffield, Hillsborough (Ms Smith) on obtaining this timely debate. As I failed to catch Mr. Speaker's eye at Transport questions last week, let me also take this opportunity to welcome the Minister to his post.

I want to start my remarks with today's news. I appreciate that the Minister cannot respond, because of the statement to the House that will be made later, but the announcement about the east coast main line service and the news that National Express is to go into temporary public ownership is extremely significant. The Government are right to take that step, which will discourage other franchise holders from asking the Government for a discount on their existing contracts. However, I am concerned that the Government have allowed National Express to hand back its unprofitable franchise, but to continue to make a profit on the other two. I hope that the statement will make it clear whether the Government are willing to consider further action to remove those other franchises, so that the burden on the taxpayer will be kept as low as possible.

The Government should focus on showing the rest of the network that it is possible to put passengers first, rather than rushing into another poorly planned private franchise agreement. In the light of the new development the Government also need to take a good look at the way in which train franchises work. Franchises need to be longer, with stricter, passenger-focused targets and terms. I hope, again, that some of those matters may be covered in the statement.

Investing in rail infrastructure, as we have heard from many hon. Members, is vital to the economic growth of any region. Good rail links, whether for the transportation of goods or passengers, are imperative for businesses, trade and social mobility. Without good rail links communities become isolated and local economies grind to a halt. Speaking as a northerner, I know that "the north" is a broad term and that there are many specific issues that other hon. Members have touched on, and to which we cannot do full justice today. However, I hope to mention a few of the most significant issues in the next few minutes. All hon. Members here today will be well aware of the problems facing train services in the north of England, almost all of which are linked to spending. Overcrowding, reduced services, unreliability, cleanliness issues and poor accessibility are all widespread problems across the region, and with the number of rail users increasing dramatically every year, which of course is a good thing, all the issues need to be addressed urgently.

In my own constituency of Cheadle, I regularly receive letters containing complaints and concerns about local services. Cheadle Hulme station is completely inaccessible for people in wheelchairs or with prams, which is frankly a scandal in this day and age. Many commuters, as we have heard, are not able to board trains during peak times because they are so full. Timetable changes to accommodate more trains to London have had a disastrous impact on many people's daily commutes in and out of Manchester city centre. The rolling stock is old—in many cases worn out—uncomfortable to travel in and frankly not up to scratch. It is a scandal that passengers are asked to pay top dollar, in comparison with most other EU countries, to travel in those conditions. The fundamental problem, as so often, is lack of investment.

The bulk of what I want to say today is about an issue that affects passengers across the north of England: capacity. The 2007 White Paper promised an extra 1,300 carriages to deal with the overcrowding that is rife on the network. Northern Rail was allocated 182 and TransPennine 42, but according to the passenger transport executive group information that has come to some of us, the Department for Transport has now indicated that Northern Rail is likely to get only 106, and possibly fewer, which barely covers what the Department has said is needed by the Leeds area alone. Civil servants have also confirmed that TransPennine's allocation will be cut approximately in half, to 24. If that happens it will be a disaster not just for northern commuters but for our economy. Will the Minister confirm whether those figures are correct, and, if so, why the decision has apparently been made to halve the number of additional carriages? Certainly it cannot be because of falling demand.

Stephen Hammond (Wimbledon) (Con): The answer to the hon. Gentleman's question is clear: it is because there are not 1,300 new carriages. There are only 973—and only some of them are new; some are cascaded from other railways.

Mark Hunter: I shall come to the hon. Gentleman's point about older carriages in a moment.

The number of rail commuters on local services has increased at more than twice the London rate; 60 per cent. of all peak-time trains in Leeds, and more than 50 per cent. in Manchester, have space for standing only. Do the Government have any evidence to suggest that the carriages are no longer needed, and will the Minister say more about what impact he expects the cancellation of carriages to have on future capacity issues? Northern Rail has had no new carriages in the past five years, but franchises providing commuter services in London and the south-east have had 580 in that period, so I hope the Minister will not say that the carriages that we in the north of England should be getting have now been allocated to Greater London. According to PTEG, a third of rolling stock in the northern PTE areas was more than 20 years old in 2007, which raises the question of how many of the additional carriages that may come to the north will be second-hand. Will any be refurbished?

I want to move on briefly to the question of the Manchester hub, which seems to have disappeared from the Government's radar. The hub would not only help those living in Greater Manchester but would improve connections across the north of England, both intra-regionally and with London, and therefore with the rest of the UK and Europe. The Government pledged to deal with pinch-points in the current rail system, but the feasibility study for the Manchester hub was commissioned some 18 months ago. Why have plans for the Manchester hub progressed at such a dismally slow pace and when does the Minister believe the real work might begin? High Speed 2 will, of course, be an incredibly important development for the north and the country as a whole. It will increase capacity, encourage people off roads and planes and speed up our connection with London.

We must proactively invest in our rail network to create capacity and improve efficiency, rather than reactively working to paper over the cracks. Electrification will be hugely important for the future, as it will improve real travel times between cities. I understand that the Government are expected to make an announcement on electrification soon, and I hope they will commit to electrifying the midland main line and to completing essential fill-in electrifications as a bare minimum. We would of course like many more lines to be electrified, including the trans-Pennine routes. In the mean time, perhaps the Minister could explain when the announcement will be made.

We Liberal Democrats also think we need to open old lines and stations to improve access and capacity. Longer franchises would help with that process, as would our future transport fund, which would more than double the Government's planned investment for 2009 to 2014 to provide an estimated £12 billion to improve rail services. One such line, of great importance for the north, is the Woodhead tunnel, which was closed in 1981 when the Conservatives were in power. It would dramatically improve trans-Pennine connections between northern cities—primarily Manchester and Sheffield. Will the Minister confirm that the tunnel will not be put to any use that will preclude its being opened to rail traffic in the future?

However we look at it, it is clear that the north currently receives a poor deal on transport spending. We have heard the figures from the public expenditure statistical analyses, but they are worth repeating: £783 per head of population in London, £206 per head in the north-east, £213 in Yorkshire and the Humber and £278 in the north-west. One need not be a mathematical genius to work out that the allocation for the three northern regions together still comes to less than what was spent on public transport in London alone. The north of England is asking not for special treatment, but for a level playing field on spending. To fail to recognise the basic unfairness is to condemn half the country to a less than bright economic future.

10.39 am

Stephen Hammond (Wimbledon) (Con): May I join others in congratulating the hon. Member for Sheffield, Hillsborough (Ms Smith) on securing the debate? I know that she takes a great interest in transport, particularly those matters that affect her constituency. She eloquently underlined the failings of the transport system that the Government have put in place, and she made a good case for high-speed rail and for the north.

This is the first time that I have met the Minister in a Westminster Hall debate, and I am pleased to welcome him to the Department for Transport. I look forward to a number of his responses. Like everyone else, however, I recognise that this is a particularly embarrassing day for the Government.

The subject of the debate is timely. Public spending is the key policy topic at the moment, and it will impact directly on resources for the Department—and for the north. Given the stratospheric levels of borrowing, controlling spending will be a necessity, not an option. As the hon. Member for Manchester, Blackley (Graham Stringer) pointed out, it will be a necessity for whoever is in power, and of whatever colour, after 2010.

I had the pleasure of visiting Sheffield earlier this year as a guest of the South Yorkshire passenger transport executive. The hon. Member for Sheffield, Hillsborough said that Sheffield was our fourth largest city but that it did not enjoy the equivalent quality of rail links. That was impressed on me strongly by the PTE, as were a number of other issues. I hope that she recognises that we in the Conservative party share the aspiration to improve transport links to the north of England.

The hon. Lady will know that in January my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) set up a transport commission for the north, to consider specifically northern matters. Network Rail has made a submission to that commission, for which I am grateful. One reason for us doing that is the plan over the next five years to implement improvements in line speed on the London to Sheffield line, and I understand that East Midlands train services from London to Sheffield are to become half-hourly. In addition, Network Rail has said that if funding is secured for further electrification, services from St. Pancras to Sheffield on Midland Mainline would be a priority.

I realise that this is a difficult day for the Minister, but I wish to ask him about electrification. On Monday, the Prime Minister said that there will at some stage be a full programme of rail electrification. Will the Minister confirm that, since 1997, only 46 route miles, or less than 0.5 per cent. of the national rail network, has been electrified? Will he clarify how that electrification is to

[Stephen Hammond]

happen? I agree that it is an important way of driving operational and carbon efficiencies on the railways, but it will cost millions of pounds, if not billions.

Rail budgets have been set until 2014, yet on Monday Lord Mandelson announced sweeping cuts to the transport budget. How can electrification become a reality? I look forward to the Minister's response to that point. Network Rail has identified its priorities and has made some case for its spending. If the Government want to identify electrification as a priority, they should be clear about it and say how they intend to spend the money.

There is good news for the constituents of the hon. Member for Sheffield, Hillsborough, given the policies that we have outlined in our rail review. They would deal directly with some of the elements raised. For instance, we will allow third parties to bid against Network Rail for small-scale capacity enhancement projects, which will be the key to some of the overcrowding problems mentioned.

Like the Liberal Democrats, we have seen the failure of the Government's franchising system and we, too, will give longer franchises to train operators. As a result, there will be more investment, which will give us the improvements that we need in stations and trains. We will build a new high-speed link from Leeds to Birmingham and London, which will free capacity in other parts of the network. The rationale for that is not totemic: as a number of hon. Members said, the economic and cost benefits for the north of England will indeed be substantial.

Mr. Clelland: The hon. Gentleman mentioned his party's policy of extending High Speed 2 to Leeds, but he missed out Newcastle. Will he explain why?

Stephen Hammond: All transport networks have to start somewhere, and we hope that it will be the first phase in the roll-out of the high-speed network. The Minister will of course want to confirm that the Government plan to take high-speed rail only to Rugby. Our policy is to take it further; we see it as part of a network strategy.

Ms Angela C. Smith: It appears that the Conservative party is committing itself to substantial spending on transport. Does that indicate that the transport budget under a Conservative Government would be protected, and that cuts would therefore be concentrated elsewhere?

Stephen Hammond: The hon. Lady will know from our feasibility study—she has clearly read it—that the cost in 2008 prices of a high-speed rail line is about £20.5 billion. We have committed ourselves to control period 5, which will be the first part of an element of Government money; it will probably be about £16 billion, or £1.3 billion per annum for the build time of that project. The money is ring-fenced and it will be committed to that project.

I understand that a statement will be made in the House this afternoon on the collapse of the National Express rail franchise. I shall therefore not be asking a number of substantive questions that I would have wished to put to the Minister. I am sure that the Government will answer some of them today. Although they have taken the National Express franchise back into public ownership, many people will want to know whether it was the most effective decision for the taxpayer. The Minister may want to talk about the other options and the possible cost to the taxpayer. We would be interested, but I am sure that we shall hear about it this afternoon.

As the hon. Member for Sheffield, Hillsborough reminded me, the debate is principally about how much money there will be for the railways, perhaps over the next 10 or 20 years, but certainly over the next five to 10 years.

Mrs. Cryer: Will the hon. Gentleman give way?

Stephen Hammond: No, I am sorry. I promised that I would speak for only another two minutes, and I have already given way several times.

Despite what the Prime Minister said, capital expenditure under the Red Book will decline after 2010, and it will not rise until the Olympics. Will the Minister confirm that? I look forward to a yes or no answer. On 29 June, Lord Mandelson said in an interview that Building Britain's Future, the great new project, reflected a "switch in spending" from the Department for Transport to other Departments. Will the Minister confirm that Building Britain's Future reflects such a switch?

The Budget put in position a squeeze on public spending between 2011 and 2014. Will the Minister confirm that he has read the Red Book, and that his Department understands its implications? Will he say whether and by how much the contraction in spending outlined in the Red Book will hit rail services in the north and across the United Kingdom? Will he also outline the effect of the announced £6 billion efficiency savings, which are estimated to represent 6 per cent. of current expenditure on top of what is outlined in the Red Book?

I should be grateful if the Minister were to outline exactly which services he expects not to be delivered, which carriages he expects not to be delivered and which part of the electrification project he expects not to be delivered as a direct result of what is stated in the Red Book, of what is stated in Building Britain's Future, and what is expected from efficiency savings. Under those circumstances, the Government cannot contend that spending will continue to rise; indeed, the Red Book states that it will decline. Will the Minister tell us today how the announced spending reductions will hit the nation's transport infrastructure?

10.49 am

The Parliamentary Under-Secretary of State for Transport (Chris Mole): I congratulate my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith), who is a distinguished member of the Select Committee on Transport, on securing this important debate. She has expressed concerns about a range of issues relating to rail investment in the north of England, as have other Members. I shall endeavour to respond to the issues raised, but if I cannot, I promise that they will all be considered elsewhere. If I am to cover all the ground, I fear I shall have to go at the speed of a bullet train.

I turn first to some recent successes. Railways in the north of England are a success story. We have seen great improvements in the things that matter most to passengers,

including punctuality and reliability. I would rather be facing the challenges of rising train use than the consequences of numbers having fallen by the same amount as they have risen. In the last full year, reliability reached an all-time high for both Northern Rail and TransPennine Express, with more than 90 per cent. of trains arriving within five minutes of right time. I congratulate Northern Rail, TransPennine Express and Network Rail, which have to work together, on that excellent result.

Passenger satisfaction is also high with more than 80 per cent. of passengers saying they were happy with their journey. The outcome of that is a 34 per cent. growth in passengers travelling on Northern Rail services since 2004 and a 67 per cent. increase on TransPennine services.

Let us consider what else has been achieved in recent years, starting in the north-west, which has benefited considerably from the £8.9 billion investment in the west coast main line. There are now more frequent and faster journeys between Manchester and London, with a train every 20 minutes during the day and average journey times of about two hours eight minutes.

Mr. Edward Timpson (Crewe and Nantwich) (Con): Does the Minister accept that one part of the north-west that has not been a success story over the past 11 years is the state of Crewe railway station and the lack of investment there? None of the £35 billion set aside by Network Rail over the next five years is going to that station. Will he look at the state of Crewe station and ensure that investment is made in that important part of our rail network? I asked the Minister of State, the right hon. Member for Tooting (Mr. Khan), the same question just the other day.

Chris Mole: The hon. Gentleman will have heard my colleague's response during Transport questions last week. I have nothing to add today.

The journey from Liverpool and Preston to London takes just a few minutes more than two hours, and Warrington and Wigan are less than two hours away. Chester is one of the big winners having a regular hourly service for the first time, with a journey time of just two hours.

Mark Hunter: The increasing frequency of inter-city services is a double-sided coin. As hon. Members said, it has had a negative impact on local commuter services in and out of cities such as Manchester, because the same services criss-cross the same track. Three trains an hour between Manchester and London is great, but does the Minister recognise that has had a negative impact on our local commuter services in and out of Manchester?

Chris Mole: That point is clearly acknowledged, and to an extent is an inevitable side effect of competing for line capacity.

Services between the north-west and Scotland have also been improved, as have those to the west midlands. Neither have we neglected local services. Northern Rail services on the Calder valley route between Manchester and west Yorkshire have been improved with a fast service between Bradford and Manchester. There are more trains between Preston and Manchester via Bolton. The Cumbrian coast line has seen the biggest improvements in 25 years. Thanks to the opening of a third platform at Manchester airport, we now have better services to the airport and greater reliability as a whole around Manchester.

I turn to the Yorkshire and Humber region. Back in 2007 the frequency of the service between Leeds and London was improved to every half hour. Last December we provided a new hourly direct service between Leeds, Sheffield and Nottingham, opening up new opportunities for business and leisure. In the north-east, the Newcastle to London journey time is one of the fastest in the country. There are five fast trains per hour between Newcastle and York, giving the area excellent connectivity with the rest of the country. Across the north of England, TransPennine Express introduced new trains in 2005 and 2006. Northern Rail has increased its fleet by 30 units, providing 8 million extra seats every year for passengers. CrossCountry has increased the number of carriages on key journeys by reintroducing and refurbishing many high-speed diesel train sets for use on the busiest services.

Community rail has been a big success, and there are about 20 routes with active community rail partnerships and many station partnership groups. These partnerships bring energy and focus to developing lines. For example, the Penistone line now carries more than 1 million passengers per year.

Ms Angela C. Smith: The Huddersfield to Sheffield line is one of the most overcrowded in the south Yorkshire region.

Chris Mole: But we are not stopping with what I have mentioned so far. Over the next five years, we are determined to address the problems of crowding on many peak commuter services. That will be done mainly by lengthening trains and platforms.

The Oldham loop rolling stock has been mentioned. The Department is not planning to provide additional funding for the redeployment of the rolling stock displaced through the conversion of the Oldham loop from heavy rail to Manchester metro light rail. However, the Department is providing £244.3 million towards the expansion of Metrolink to Oldham, Rochdale and Chorlton. That decision does not preclude Greater Manchester passenger transport executive from funding the redeployment of the rolling stock, or Northern Rail from utilising the stock on a commercial basis. The Department is currently calculating the change in franchise subsidy payments to Northern Rail, but a figure has not yet been finalised. The change in subsidy profile to Northern Rail reflects the changes in the Department's budget resulting from the conversion of the Oldham loop.

Graham Stringer: I want to address one of the key issues. If the integrated transport authority and the PTE decide not to invest extra money in the system, what do the Government intend to do with the trains? Will they go into the south-east system, or will they go into cold storage?

Chris Mole: The Government's intention is to increase capacity across the network, so we shall see in due course where the trains end up.

[Chris Mole]

We are determined to tackle the worst excesses of crowding and to give passengers a more comfortable journey. In addition, we want to see even further improvements in reliability over the next five years. An urgent priority is to bring the west coast main line up to the standard of the rest of the network, and I share many Members' concerns about recent performance on the route. I am pleased that Network Rail has responded to those concerns and pledged to spend £50 million to address them.

Nor shall we neglect safety. I respect the point made by my hon. Friend the Member for Keighley (Mrs. Cryer). The safety record of the railway is excellent, but we must not be complacent, and there is a requirement further to reduce risks that have an impact on passenger and employee safety. Although over the next five years we are focusing on improving safety, performance and capacity, we are not neglecting journey times either. They are excellent on the west coast and east coast main lines, but I admit that those on the midland main line are less so. That is partly a result of the history and geography of the route, but despite that—I hope this answers the question put by my hon. Friend the Member for Sheffield, Hillsborough—we are determined to bring down journey times between Sheffield and London to as close to two hours as possible. East Midlands Trains is also planning to increase the frequency of services to Sheffield with pump-priming funding from South Yorkshire PTE. The trans-Pennine route has seen great improvements in rolling stock and frequency in recent years, although I accept that journey times are relatively slow.

Although I have focused so far on train services, we must not neglect other matters important to passengers. We are determined to improve the quality of stations and have allocated £150 million over five years to spend on improving many medium-sized stations. Many stations in the north of England will benefit. For example, improvements at Ormskirk will be completed later this month. This builds on funding allocated to improve facilities at stations through the "access for all" programme, which assists disabled passengers.

The north of England has seen important investment in freight schemes in recent years. For example, in the north-west, access to the Port of Liverpool has been improved by the reopening of the Olive Mount chord. Across the country, a priority is to enable key freight routes to accommodate 9 ft 6 in containers. The west coast main line can accommodate the large containers on standard wagons, but investment is being made on two routes into Liverpool to provide access to the port. On the east side, improvements have been made to the Hull docks branch line to enable more trains to reach the port, and south of the Humber. Some £10 million has been invested in the Brigg line to enable heavy-freight trains to use the route to reach Immingham.

Over the next five years, we shall work with Network Rail and the rail freight industry to develop a network of routes that can accommodate high containers. One priority is the route from the midlands to south Yorkshire via the east midlands, to complement funding already secured for the east coast main line. This will be followed by converting the whole of the east coast main line into Scotland.

The subject of this debate is spending on railways in the north of England. By and large, the railway network is a national one serving a wide range of different markets—long distance, regional passenger, local passenger and a wide variety of freight—all of which contribute individually and together to the benefits that our railways bring to our regions. In particular, capital expenditure in one region often benefits another. For example, the huge investment in widening the Trent Valley line in the west midlands primarily benefits passengers travelling to the north-west of Scotland.

Mr. Jim Hood (in the Chair): Order. We now come to the next debate.

Diversity in Public Appointments

11 am

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I am delighted to have secured the opportunity to discuss this important issue. Public bodies are important. They carry out a wide range of vital activities that affect the lives of people up and down the country. Some supply funding, benefiting sectors such as the arts, sports and sciences. Others provide health care, safeguard the environment, promote human rights and protect the rights and interests of consumers. Many have a role in shaping policy and decision making at national level. They undertake vital work on behalf of us all.

Public bodies are created by the Government but are at arm's length from the Government. Around 1,200 public bodies are accountable to the British Government, and some 18,500 appointments are made to the boards of those regional and national organisations.

The important word is "appointments". People are identified, invited and even enticed into undertaking such work on our behalf, with the time commitment varying from a few days each year to between two and three days a week. The requirement for each board is different because of the wide range of activities engaged in by public bodies. Selection should always be on the basis of merit, with fair, open and transparent recruitment processes. Also essential is the requirement that appointments should broadly reflect the make-up of society. That is because we need not just fairness and equity—although such traits are important—but the best people with the right mix of skills, experience and background, who do not come from just one section of society. We have to accept that the current situation, in which the majority of appointments are white men, is not meeting that objective.

Women represent 51 per cent. of our population, but make up only 33.3 per cent. of public appointees. About 14 per cent. of the working-age population have a disability, but disabled people make up only 5 per cent. of public appointees. Fewer than 6 per cent. of public appointees are from an ethnic minority background, despite the fact that the overall ethnic minority population is nearer 11 per cent.

The Commissioner for Public Appointments said in her 2007-08 report that she was disappointed by the fall in the overall number of female appointees and re-appointees in England and Wales, and also by the numbers of appointees from an ethnic minority and those who have a disability. There was also a significant fall in the number of female chairs of boards, and those with disabilities appointed to health boards compared with previous years.

Over a 10-year period, female appointments have generally remained at around 33 per cent., with only slightly higher levels between 2003 and 2007. Ethnic minority appointments increased from 3.7 per cent. in 1998 to 6.5 per cent. in 2004. However, they then dropped back to 5.7 per cent. in 2007 and 2008. By contrast, appointments of people with disabilities have continued to rise from a very low base of 1.5 per cent. in 2001 to around 5 per cent. in 2008.

As I have already said, public bodies are responsible for both service delivery and policy, so without the widest range of experience, skills and background guiding them, public organisations will reflect only one part of society. A society that is becoming ever more diverse as the world shrinks needs institutions that reflect the reality of today. It is about being not just fair—although that is important—but effective. Obtaining a better reflection of society in the bodies that provide so much for society would help them. That means more recruitment in the areas of gender, age, ethnicity and disability, in which there is under-representation.

Some public bodies are working extremely hard to encourage people from under-represented groups to think about applying. Others make the right noises, but they are slow to change. Let me give one example from my own region. The regional development agency, Yorkshire Forward, for which I have a great deal of time and respect, does a lot of important and good work. On its board of 14 directors, only four are female, while two male directors are of ethnic minority origin.

Yorkshire Forward is charged with helping the economy of the region to grow, including promoting opportunities for everyone regardless of their gender, race or disability. How much more effective could it be if the board more accurately reflected the population of our region? Interestingly, at management level, Yorkshire Forward has achieved a representation that is much more reflective of the society it serves. It has a management team of six, of which three are women and one is of ethnic minority origin.

However, there are other issues that we should consider, such as where people live, where they come from and their economic background. Too many public bodies, particularly those with national responsibilities, have boards overwhelmingly comprised of people from London or the home counties and who are largely from middle class backgrounds.

It is good that the Government have agreed a new plan to tackle the matter and that it goes right across all Departments. As public bodies report to a wide range of Departments that is essential. The two Departments that are centrally involved are the Cabinet Office and the Government Equalities Office—whose Minister is here today. I am delighted to welcome him to his post although he has had a few weeks to get his feet under the table.

The stated aim of the plan is that by 2011, 50 per cent. of new appointments will be women, 14 per cent. will be people with disabilities and 11 per cent. will be people from ethnic minority populations. Such targets are clearly meant to transform bodies to reflect society and, therefore, should be welcomed. However, are they sufficient? Assuming that the targets are met, it will take some time before the current situation is significantly changed. The current make-up of boards will change very slowly because appointments are often for three years and some people are, quite rightly, re-appointed because they have the right experience and they continue. That means it could take some time even to hit the targets before we see the make-up of the boards significantly changed.

There is an argument for encouraging bodies that make appointments to exceed the targets and to arrive more quickly at better representation on their boards. However, making improvements will prove challenging if we look at the experience to date. The statistics for gender and ethnicity for the last 10 years show a static position, or a slowly developing position, rather than

[Meg Munn]

progress. We must encourage a much wider group of people to consider putting themselves forward for such positions so that we have a larger pool from which to select.

Sometimes people do not come forward because they do not know about the public bodies in the first place. Even when they know about them, the present composition of the leadership may confirm their assumptions that the organisation is just not for them. More emphasis on putting on boards role models from under-represented groups is one way to take things forward.

Developing good practice is essential, and that means better research. Each appointment process should include a strong candidate diversity strategy that is designed to include innovative ways to attract new people. It should use language and images that attract the sort of people needed for that particular appointment. Perception is very important. We should not use acronyms, such as BME and LGTB, that people in the equality world understand but the majority do not.

We need to pay greater attention to the type of people who are recruited. Young people, for example, rarely sit on public boards but bring a perception that those of us who can no longer call ourselves young do not have, and health boards benefit from the participation of service users.

Nurturing and developing candidates is vital. They might need help learning the responsibilities of their role and acquiring new skills to play their part effectively in directing organisations that might be large and have a wide range of responsibilities. Other support might be needed, such as child care provision or transport for people in remote rural areas. People with disabilities might need extra help preparing for and participating in meetings.

I recently visited an organisation in Sheffield called Speaking Up for Advocacy. The organisation supports people with learning difficulties, disabilities and mental health problems in speaking up for themselves, including taking part in committees that make decisions about services for people with disabilities. Advocacy and support help people to take part fully and to be prepared to ask when something happens in a meeting that they do not understand. That is something that many of us find it difficult to admit to, but those people have learned to say, "Please explain what is happening here," so that they can take part fully and ensure that they are listened to properly and respected. I have no doubt that although advocacy has helped people take part, it has also demanded a change in the behaviour of other board members. I hope that the Minister will confirm that that, too, is part of the strategy.

It is important to recognise that we need to ensure that people are retained once they are recruited. If the behaviour of other board members and, crucially, the chair, is not welcoming and does not support new members, they might not stay. Equally, failure to ensure that appropriate support measures are in place will lead to people leaving. Developing best practice and ensuring that it is disseminated will be important.

In conclusion, although I welcome the new plan, I should be grateful if the Minister covered the following issues in his response. Given the major change required to meet the new targets, what strategies are being put in place? How long does he estimate it will take to achieve fair outcomes if the targets set by the Government are to be met? What arrangements are in place to monitor and review progress of the plan, and how will they be reported? How will my hon. Friend ensure that good practice is disseminated and bad practice tackled early?

Diversity on public boards matters. I sincerely hope that the Government's good intentions as set out in the plan will achieve the desired outcomes.

11.13 am

The Parliamentary Secretary, Government Equalities Office (Michael Jabez Foster): I congratulate my hon. Friend the Member for Sheffield, Heeley (Meg Munn) on securing this debate, which I think is important, despite the number of Members who have come along to take part. She has been at the forefront of equality issues, particularly in public life as the former Deputy Minister for Women and Equality, as well as in much wider roles.

Ensuring that our public bodies are representative of the communities they serve goes to the heart of creating a fairer and more equal society. We need more women, more ethnic minorities and more disabled people involved in all aspects of public life. Whole sections of the population are not adequately represented in our democratic institutions. That is not just unfair for those who deserve better representation; we are all the losers. The problem is that decisions on our public bodies and for our public services can be better made and meet the needs of all parts of our society only if the people making them bring diverse experiences to bear and are representative of the wider community.

That becomes even more apparent when one considers the role and purpose of public bodies, which my hon. Friend clearly identified. From funding the arts, sports and science to providing essential health care, from safeguarding the environment to promoting human rights, and from protecting the rights and interests of consumers to delivering justice, public bodies take decisions that affect the lives of us all.

To ensure that our public bodies fulfil their duties as effectively as possible, we need the brightest and best at the top making decisions. It cannot be that the brightest and best do not include the groups to which my hon. Friend referred. She is right to point out that at the moment, we are missing out on a wealth of talent and experience. Diversity of representation would bring diversity of thought, fresh ideas, new perspectives and a better understanding of the communities that public bodies are supposed to represent. Greater diversity would also bring lasting cultural change. That is important, because it would create more positive role models for those in less well-represented communities, encouraging others to step forward and apply for public appointments.

Despite some progress, talented people are still being left behind and continue to be grossly under-represented on the boards of our public bodies. My hon. Friend gave some numbers that are worth repeating. Women currently hold just over a third of public appointments, despite making up half the population. Disabled people make up just 5 per cent. of appointees, even though they make up 14 per cent. of the working-age population. Ethnic minorities hold fewer than 6 per cent. of posts despite making up nearly 11 per cent. of the population.

Despite our Government's good intentions over the past 12 years, progress in addressing that imbalance has been woefully inadequate. Thankfully, in response to the challenge, we launched a far-reaching plan two weeks ago designed to step up the pace of change.

To ensure recruitment of the brightest and best candidates from across the whole of society, all new public appointments regulated by the Office of the Commissioner for Public Appointments will be subject to challenging targets. Our aim is that by 2011, across Government as a whole, 50 per cent. of new appointees will be women, 14 per cent. will be disabled people and 11 per cent. will be from ethnic minorities. Although we do not have sufficient statistical evidence on the under-representation of other groups to which my hon. Friend referred, such as lesbian, gay, bisexual and transsexual people, faith communities and those of diverse social backgrounds, I should point out that the action plan aims to increase the diversity of those holding public appointments across the board.

However, the Government agree with my hon. Friend that targets are not enough. What matters is how we go about meeting them. We have put together a purposeful package of measures to make the difference. The measures will increase the visibility of the appointments system, ensure transparency and accountability and tackle head-on the barriers that people too often face in putting themselves forward.

What is the master plan? First, it is important that we produce awareness-raising materials, as people need to know what is out there. That might include the use of the internet and new technologies, being where people are, promoting public appointments to a wider range of people—perhaps even at the school gates if necessary—and specifically targeting under-represented groups.

Meg Munn: The ideas that my hon. Friend is setting out are interesting, but I am sure he would agree that one of the most difficult problems is getting people from a wider geographical area on the national bodies that are so important to the issues that we deal with. I do not know whether he is will come to it, but I would be grateful if he could discuss in detail how we can get fewer people from the south-east and more people from a wider area.

Michael Jabez Foster: My hon. Friend makes an important point. It could be suggested that national bodies are London-centric, or at least south-east-centric and that other people do not have the same opportunities. Although there have been improvements in regional boards, national boards still seem to have that problem, so an important part of our diversity proposals is that regional targeting will be part of future planning.

It is important that we share best practice and communicate across Government to help drive improved performance, including in the regions. That will be supported by the regional outreach campaign, which must be effective if it is to achieve the results we want. We will monitor the regional outreach programmes.

We need a stronger evidence base. My hon. Friend's case is correct in terms of absolute numbers. However, we want to know more about issues such as multi-membership of organisations. How many people are really involved and how many are serial appointees? That is an important aspect in determining whether there is true diversity and we will monitor it.

There must be stakeholder engagement. "Stakeholder" is another of those words that we should not use if we can avoid it, as my hon. Friend rightly said. What does it mean? It means the people who represent the groups we want represented on these bodies. We must work with those partners to develop their knowledge and networks so that we can deliver the changes that we want for under-represented groups.

Most important, we will have a new leading-edge mentoring scheme for high-potential applicants and near hits—applicants who are good, but do not have the necessary experience of the process to get the job. That goes to the heart of what my hon. Friend was saying. Through mentoring, we will help such candidates to ensure that they can access training and other support. My hon. Friend said further development is needed to include what is missing. When people go to Jobcentre Plus, they are asked about the barriers to work. The flexibility now exists to allow those with barriers such as child care and transport to find work. We must do the same for public appointments. We should be looking at what are the barriers for otherwise good and well qualified candidates.

My hon. Friend asked how we will know that we are doing what we intend. There will be a timetable of monitoring with targets monitored every six months, rather than just a three-yearly review. Performance will be published so that we can check how well we are doing.

As my hon. Friend said, we have extended the role of the Commissioner for Public Appointments by giving her the power to promote diversity in the procedures for making public appointments. Surprisingly, she did not have that power until it was introduced in October. It is now an important tool in her armoury to help her to achieve her aims. Her office is also developing a targeting talent strategy. I like the title "targeting talent"—it has something about it—but it must also be meaningful. It is about looking to see who is out there who can do the job, and encouraging them to apply, rather than being passive and waiting for people to make applications.

Meg Munn: I am sure the Minister will accept that when targeting talent, people from under-represented groups such as the people with learning difficulties whom I met in Sheffield may not appear to have talent at the outset. However, once helped and supported in expressing their views, they can be exceptionally good. I hope that targeting talent also means developing that talent, not just looking to those who appear immediately to have the skills and abilities.

Michael Jabez Foster: My hon. Friend makes an important point. Of course it is important not to look at things simply at face value. If we dig, we will find the talent, and the scheme must do just that. That is another reason why it is important to work with our stakeholder groups. They know how we can achieve that better than the top-down approach or the use of ministerial templates, which may not fit the bill. We want to be sure that we are doing that.

The Department's action plan complements the aims of the Equality Bill, which is strengthening and streamlining legislation to ensure that there are equal opportunities for all. The Bill will introduce wider positive action provisions that public authorities will be able to use to

[Michael Jabez Foster]

address under-representation and disadvantage. That means not only that we will have those targets, but that people will not complain—I am sure—if an equally qualified candidate from an under-represented group is appointed. That is the only way to achieve our objectives.

I am confident that with the right support, those measures can deliver the change that we all want to see. However, change does not happen through Government action alone. We must work with the stakeholder groups and with those who identify candidates—sometimes called head-hunters. Just last week, we held meetings with head-hunters to ask them to think differently. It is easy to find people who fit the job description. However, it is not easy to find those who meet the job description, but do not put themselves forward. We need to be searching for such people. Therefore, head-hunting means just that from now on; it means looking for people who can do the job just as well as the rest, but who come from the under-represented groups. We need to work together.

It is especially important in these difficult economic times to create an environment and culture of ambition, aspiration and equality of opportunity that enables everyone to fulfil their potential. We would like our stakeholders to tell potential candidates about the new measures, and encourage them to come forward. We want potential candidates to put themselves forward, although I appreciate that is not always easy. My hon. Friend made the important point that they must be encouraged when they do put themselves forward.

There is an attitude problem. None of us feels comfortable in a foreign environment. That must be the case for groups who are currently under-represented when they sit at a table where everyone else is different. My hon. Friend is right: we must ensure that the chairs and other members of the bodies are given basic training in welcoming groups and individuals who come from different backgrounds.

The Government are keen to consider other initiatives. It might be possible for MPs to keep in their offices lists of individuals who would be suitable candidates. I encourage hon. Members to do that.

We have made some progress, even in Parliament. In 1997, just 9 per cent. of Members were women. The figure is now 20 per cent. In the Thatcher and Major years, the number of women in the Cabinet peaked at two. Seven women now attend Cabinet meetings, although not all are full Cabinet members. There is much more to be done.

My hon. Friend concluded with four questions. I hope that I have set out in sufficient detail the action plan strategy, our commitment to monitor progress through six-monthly reviews, and our intention to disseminate good cross-governmental practice and to discourage bad practice. I hope too that I have made it clear that although we intend to meet our appointment targets by 2011, the new appointment objectives start now. If there is anything to be learned from the history of the equality movement, it is that change does not happen overnight; it takes commitment, tenacity and real action on several levels, from the grass roots to the top. We must join together and push twice or perhaps three times as hard to effect real and lasting change. I am grateful to my hon. Friend for initiating this important debate. I know she wishes us well, as I wish her well.

11.28 am

Sitting suspended.

Air Quality (Aircraft)

2.30 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to participate in this important debate, which is well overdue. I must declare an interest as I am a pilot; I therefore understand some of the issues perhaps better than others. In the interests of brevity, I hope to explain the reasons why I asked for the debate without losing hon. Members in too much technical detail.

I begin by posing the key question: is there a fundamental design fault in passenger aircraft that exposes passengers and crew to dangerous and potentially lethal toxic fumes? To place that question in context, one must first appreciate how modern aircraft pressurise the air so that passengers and crew can breathe normally at high altitudes. Up to about the late 1950s, pressurised air was taken from outside and depressurised using cylinders and so forth, but a cheaper way was found that involves taking pressurised air from the compressor stages of an aircraft's jet engines. The air is cooled and flows into a chamber where it is mixed with highly filtered air from the passenger cabin. The air then flows through the cabin and exits through valves in the fuselage. It is called the bleed air system and has worked efficiently for many years. However, while micro-organisms may be trapped by those filters, it is clear that other toxins may not, which is the whole reason for this debate.

The use of air that has passed through the engine means there is a probability that toxins and organophosphates, particularly tricresyl phosphate, or TCP, which is used as an anti-wear additive, can enter the cabin. Those toxins are not removed by the filters. The consequences of TCP entering the cabin can be headaches and drowsiness, as well as respiratory and neurological problems. That is certainly unpleasant for passengers, but is potentially lethal for pilots. Captain Tim Lindsey, a British airline pilot who supplied evidence to the Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment died in January 2009 of brain cancer—a long-term effect of toxicity exposure.

The condition caused by TCP has now been called aerotoxic syndrome, and the airline industry is familiar with it. Unfortunately, however, pressures within the industry mean that reporting of the syndrome is not as fair as it should be. Symptoms include eye irritation, respiratory problems, headaches, skin problems, nausea, vertigo, loss of balance, dizziness, fatigue and cognitive impairment—all things that one does not want the person in charge of the plane to suffer from.

It is interesting to consider which planes are the most vulnerable. All aircraft may be affected, as the bleed air system is similar throughout all aircraft, which means that whenever any of us flies we could be exposed to those toxins from the air that is taken via the engine. However, one is more likely to be exposed to toxins through certain aircraft designs than others. The main aircraft are the Boeing 757, the Airbuses 319 and 320, the Boeing 737 and the BAe 146. Interestingly, a different design has been chosen for the cabin air system in the new Boeing 787, which is about to be rolled off the factory floor. In that new system, the air does not go anywhere near the engines. I do not attribute any fault to the old systems, but simply note that the new aircraft is already moving away from that old design. The industry is well aware of the issue, as are the airlines. After a disastrous flight on a BAe 146, on which two stewards collapsed and after which the crew went to hospital, Flybe decided not to use those aircraft again.

According to the clinical neuropsychologist Dr. Mackenzie Ross up to 200,000 passengers are affected by aerotoxic syndrome every year, but when one thinks about any of one's experiences on an aircraft, one realises that one feels pretty lousy when one gets off anyway. We may attribute that feeling to the time change, jet lag or even the food on the aircraft. It is difficult to put one's finger on, or understand, the scale of the problem, because not enough research has been conducted on the issue.

In the studies that have taken place, however, there have been some interesting results. The German television network ARD and Schweizer Fernsehen—Swiss Television—secretly took 31 swab samples from the aircraft cabins of popular airlines, of which 28 were found to contain high levels of TCP. Other scientific research, which was not necessarily linked to airlines, has proved that there is a direct link between TCP toxins and the human condition that I have discussed. That demonstrates the long-term link between low-level exposure to organophosphates and the development of neuro-behavioural problems. That position has been advanced by the US Research Advisory Committee on Gulf War Veterans' Illnesses. Some 25 per cent. of Gulf war veterans suffered from the effects of organophosphate poisoning, and the organisation was able to establish that link, but unfortunately we have not been able to confirm the same link in relation to the airline industry. I hope that the Minister is willing to address that issue.

Airline pilots report symptoms similar to signs of aerotoxic syndrome.

Mr. Julian Brazier (Canterbury) (Con): My hon. Friend is making a powerful speech, but will he clarify one point? He said that, unfortunately we have not been able to make a connection, but I think he meant to say that unfortunately, no such study has been conducted over here to establish whether that connection exists. Is that right?

Mr. Ellwood: I am grateful to my hon. Friend for that clarification. That is exactly what I am calling for, and I hope the Minister will respond to that point. Until we have the information that my hon. Friend mentioned, we will be in a very difficult place for making a judgment about what steps should be taken, rather than simply turning our backs on the issue.

The British Air Line Pilots Association has found that only 61 of 1,667 contaminated air events were recorded on the UK Civil Aviation Authority database. That equates to just under 4 per cent., which may be a small number from that perspective, but I return to my original point about how many incidents have been reported correctly. How many pilots simply said, "I don't really want to rock the boat, or be seen to cause problems; I've got my future to look after, so I'm not going to bother filling out that incident report"? The real figure could be a lot higher.

However, passengers want to make sure that the figure is down to 0 per cent. They want to be sure that all pilots and co-pilots are fit and healthy when they get on a plane and when they get off it after a flight.

[Mr. Ellwood]

There have been other voices of concern from outside the UK. Of course, this is a global issue. More than 10 years ago, the Australian Senate concluded that there was a risk to health and flight safety from exposure to contaminated air. If the Minister would like to look into that, he should look at the investigation the Senate carried out in 2000. The German Parliament took only weeks to conclude that inhaling heated engine oil products was not safe.

Clear evidence demonstrates that there is a design fault in passenger aircraft that puts passengers and crew at risk from fumes, yet the CAA and the Government continue to allow that situation to go unchecked. It is worth recognising who pays for the CAA; it does a wonderful job in some respects, but let us not forget that it receives its financial support from the airlines, so the CAA is not necessarily the best organisation to make a judgment on whether there is a problem with TCP.

Let us take a look at other parts of the industry that have commented on the matter. BAE Systems has said:

"With the weight of human evidence and suffering, which is quite clear, there must be something there...There is absolutely no doubt in our mind that there is a general health issue here."

That is from the people who make the aircraft.

The CAA commissioned the Defence Science and Technology Laboratory to examine contaminated cabin air supply ducts removed from two BAe 146 aircraft. It concluded that the chemicals that enter the aircraft were unlikely to be of sufficient concentration to cause ill health. It just plucked two cylinders off two aircraft and decided there was nothing to find. We must understand that these incidents occur when a sudden push of toxins comes from the engine. It is not simply a matter of taking two cylinders at random and saying, "Well, that's the judgment we are making for the entire aircraft industry."

The report accepted that there were more than 40 different chemicals contained in oil breakdown products, for which there are no published toxicology data. That means the CAA is making a judgment and an assessment about something when it cannot even put a yardstick next to it. If it does not know about the 40 different chemicals and what they might do, surely it should ask whether it is possible to do some more research and find out a bit more about what happens to those toxins. The CAA should not simply say, "Well, the things we do know about don't affect humans, but we are just going to push the things we don't know about to one side."

Of course, air crews argue that the data are meaningless because they were not collected during a contaminated air event, which, as I said, is when a sudden surge of toxins comes into the aircraft and levels of chemicals may be higher. Obviously, there is also a question about the validity of exposure standards currently used to determine what constitutes safe concentrations. Again, the CAA, rather than an independent body, is examining the matter.

It would be fair to say that no proper studies have been conducted to date and that those that have been done typically involved questionnaire surveys conducted by air crew, or clinical examinations of small self-selected samples of air crew. I urge the Minister to read some of the papers by Michaelis, Winder, Coxon, Harper, Burdon, Somers and Heuser, and Mackenzie Ross, whom I have mentioned already. That is the sort of evidence that should raise the Minister's eyebrows and make him wake up to the problems that we are facing and the fact that Governments have successively turned their back on the issues. The air crew reports show that they suffer from a range of different symptoms, including respiratory, gastro-intestinal and neuro-behavioural problems. However, little can be concluded from work on small, self-selected samples, other than that further research is warranted.

If the Minister has not already seen it, I urge him to watch the video documentary called "Welcome Aboard Toxic Airlines," which was put together by Captain Tristan Loraine, who is chairman of the Global Cabin Air Quality Executive. He has been a pilot for 19 years and he has spent seven years researching the subject. If the Minister does not know Captain Loraine, I shall be happy to introduce him. I am sure that a copy of the video can be supplied. The documentary prompted a BBC "Panorama" follow-up and I understand that another film is on the way. The issue is not disappearing and I hope the Minister will recognise that.

The risks in planes are being ignored. We need honest research and a serious recognition that aerotoxic syndrome can affect pilots. Incidents of contaminated air events on commercial aircraft are difficult to quantify because they do not have air quality monitoring systems on board. That means there is no way to judge the problem because the filter measuring systems are not in place. There is an irony in relation to that because Federal Aviation Administration regulation 2002 states:

"FAA rulemaking has not kept pace with public expectation and concern about air quality and does not afford explicit protection from particulate matter and other chemical and biological hazards".

In effect, the FAA is saying that all aircraft should have some form of measuring facility on board. I am not aware of any aircraft that have that, so the Government are already in violation of their own rules. The Minister also needs to address that matter.

An organisation in another part of the industry that has commented on the problem is Rolls-Royce, which has acknowledged:

"Any oil leaking from an engine, entering the aircraft customer bleed offtake, is classified as hazardous".

That is a comment from the engine maker itself. One small movement in the right direction has, in fact, come from one of the main companies that produces the oils for the aircraft company. A French oil company has conceded that oils are dangerous if they are inhaled, and that they can cause respiratory problems and affect the growth of small babies and so on. That is a minor step in the right direction, but there is an awfully long way to go.

I ask the Minister to recognise the scale of the problem and not to look at it as a case of liability. Those who have suffered from illnesses are not looking for some form of compensation. Yes, of course, they are angry at the system and they are angry at the Government for not doing anything about it. However, they just want planes that are safe and for people not to have to go through the same pain that they have gone through. It would not require an awful lot of money to include filters or air monitoring systems on aircraft. Those are the positive steps that many people—pilots, passengers and so on—are calling for from the Government. They want the Government to confirm that that is the direction

they want to take. They do not want the Government to say, "Right, let's get the industry to admit liability" and then go through the whole legal rigmarole of compensation. I wish to make it clear that those affected by TCP do not want that; they just want the Government to wake up and recognise the changes that are required.

There have been some investigations by the Department for Transport and, indeed, the Department of Health. In 2000, the Department for Transport asked the Committee on Toxicity to look at these issues. I am sure that the Minister will probably lean heavily on its report in his rebuff. In the last couple of years, the committee has come back with a follow-up report. The committee's final assessment was that more research was needed. The Minister may well pluck another quote from the report that says this, that or the other, but the bottom line is that a couple of years ago, the COT said that more research was needed. I am pleased to see that the Minister is nodding because that means he recognises that. I hope we will perhaps hear today what research will be done, because obviously there are questions to be asked.

The COT also recommended that two types of study be commissioned: the exposure monitoring study, which is the on-board monitoring of air quality on a number of aircraft, and the further investigation of neuropsychological functioning in pilots via a cross-sectional epidemiological study using proxy measures of exposure, such as type of aircraft flown. That is a very complicated way of saying that we need to understand the health and welfare of pilots a little better when they are flying aircraft.

The Department for Transport commissioned Cranfield university to undertake the exposure monitoring study. That was not done through a process of competitive tender; the contract was simply awarded to Cranfield. Will the Minister explain why the study was not put out to tender and why it was given to an organisation that might be considered sympathetic to the industry? To date, the Department for Transport has refused to commission a cross-sectional neuropsychological study. That was the second aspect of the COT's request, but it has not happened. I hope that the Government will wake up to that.

What can the Government do? They need to stop burying their head in the sand and wake up to the responsibility of office. That is exactly what Governments should do. They should also be able to make tough decisions that might have major consequences for powerful sectors of industry—in this case, the airline industry. First, the Government should recognise that the problem exists and that the Department for Transport has taken no steps to ensure that passengers and crew are informed about the possibilities of being exposed to contaminated air.

Secondly, the Government should conduct a proper inquiry, and collate proper evidence and data via air-monitoring systems on board passenger aircraft so that we know exactly which chemicals are entering the aircraft during a contaminated air event, and in what quantity. At present, the incidence of contaminated air events is hard to determine, as I said. Air crew state that under-reporting is common due to fears about job security and so on.

Thirdly, very much based on the outcome of those reports, the Government should make some firm decisions on the direction that the airline industry should take. They should decide whether a redesign of the aircraft is required, or whether filtering systems need to be put in to make engines safer.

I have spoken for a good 20 minutes on this subject, and I apologise to hon. Members who wish to speak. However, the debate is overdue and serious, and the Minister has some questions to answer. I have raised various issues. If he is unable to provide answers today, I should be grateful if he could write to me, because I intend to pursue the matter most vigorously. I do not believe that we can end a debate in Westminster Hall, pat ourselves on the back and say, "Yes, we have dealt with the issue. We can now move on to something else." We need change in the industry, and we need to understand exactly what is going wrong. We need to ensure that when people get on an aircraft, they feel safe.

2.51 pm

Mr. John Maples (Stratford-on-Avon) (Con): My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) has laid out most of the case that, had I been in his position, I would have laid out. I am grateful to him for instituting this debate.

I wish to add a couple of points. I got involved with this subject two or three years ago because a constituent of mine, John Hoyte, one of the founders of the Aerotoxic Association, came to see me about it. Since then, I have had a great deal of correspondence with various parts of the Government and various parts of the industry. My constituent lost his licence on medical grounds while working for Flybe but is now in the process of trying to get it back. He is convinced that, in essence, oil fumes poisoned him. Organophosphates were found in his blood, as they have been in the blood of many other pilots who are convinced that they have been affected by the same problem.

I do not remember how long ago it was—perhaps some of my colleagues do—but there was a terrible problem with sheep dip affecting people. The problem was caused by organophosphates, which we know are a terrible poison. Organophosphates are awful neurotoxins which cause serious neurological problems if they get into one's blood. I have seen some medical evidence, and Dr. Mackenzie Ross's study, which is due to be completed soon—if it is not by now complete—is looking at cases. I would be interested if the Minister brought us up to date on that.

Since becoming involved with this issue, I have had correspondence, mainly with the Department for Transport and the Committee on Toxicity, about the Cranfield study. What disturbs me about it is how long it has taken; no doubt the Minister will update us on that. If it has reported in the past few days—it is due to report—and I missed it, I apologise, but I do not think it has. In January, I was told that it was about half complete but that the other half had to be commissioned from someone else. I hope that that has been done.

It is not the most complicated thing to investigate the air going into the cabins of airliners. I understand that a German device measures any toxins in the fumes in aeroplanes. I am not sure why this is taking so long. I have consistently found in correspondence a resistance even to acknowledging that there is a problem or the possibility of one. I could understand that view on

[Mr. John Maples]

the part of the airlines—it would be a huge issue for them to replace the air pressurisation systems on aircraft if that proves necessary. The problem seems to occur more often in one or two models of aircraft than in others. My hon. Friend's point about the new Boeing not having this system makes one wonder if Boeing did not realise there was a problem and that it should perhaps deal with it, so that at least the planes produced in the next 30 years could not be accused of poisoning pilots and passengers.

I am interested in where the Cranfield and Mackenzie Ross studies are. I understand that they deal with the two aspects of the problem: the medical evidence, and the question of whether fumes are entering aircraft ventilation systems. "Obstructive" would be too strong a word, but I have found an unwillingness to engage constructively in argument on the part of the DFT, the Civil Aviation Authority, the Committee on Toxicity, the air accidents investigation branch of the CAA and even, surprisingly, the British Air Line Pilots Association. I do not know why BALPA has not taken a more aggressive interest in the matter. After all, it is the pilots' union. One would have thought that this issue would be one of its prime responsibilities, but it seems reluctant not only to engage in correspondence but, as I said, even to admit that there may be a problem.

I hope that I am not right in thinking that there has been obstruction. There certainly has been an unwillingness to talk about the problem. My hon. Friend has picked an appropriate moment to have this debate. If the two studies are not in the Minister's hands, they are about to be, and I have no doubt that he will bring us up to date on them.

We really need to know definitively whether there is a problem with aircraft ventilation systems, whether it is causing the medical conditions that pilots are reporting, and, if so, what needs to be done. Alternatively, if the conditions are being caused by something else, we need to get to the bottom of that. There seems to be a great deal of substantial evidence backed up by too many "coincidences" for this to be an accident and there to be nothing in it.

I look forward to the Minister's bringing us up to date on the matter, and I hope we will get from the Government timely and constructive progress in dealing with the problem and bringing the studies to a conclusion.

2.55 pm

Norman Baker (Lewes) (LD): I congratulate the hon. Member for Bournemouth, East (Mr. Ellwood) on introducing this debate on an important matter. I agree with virtually everything that he said. I apologise for being 55 seconds late and not arriving for the beginning of his remarks.

This is a serious issue. It is worth putting on the record that it has, in fact, been raised many times in this House with successive Ministers by Members of all parties. The problem with contaminated air in aircraft stays while Ministers move on—upwards, outwards and sideways—at a bewildering rate. Many of us who have campaigned on the issue for some time find ourselves trying to explain to new Ministers the same problem that we have explained to previous ones.

Indeed, the issue predates my involvement. I note that my colleague Lord Tyler, who was then the Member for North Cornwall, raised the matter in a debate in the House on 28 June 2000. On that occasion, speaking about the use of organophosphates as a lubricant in aircraft engines, he referred specifically to the BAe 146, an aircraft that presents a particular problem and about which there have been many complaints. He stated that

"the House will recognise that the issue is important. The health of pilots, crew and passengers could be affected…I find alarming the apparent complacency of the United Kingdom authorities. We have known for some time that those potentially lethal chemicals are used as lubricants in aircraft engines—not only fixed-wing aircraft but in helicopters…Ministers still show the most extraordinary and breathtaking complacency."—[*Official Report*, 28 June 2000; Vol. 352, c. 205-06WH.]

That was in 2000, yet here we are in 2009 having not made much progress on solving a serious matter.

The issue has been raised by Members across the House. It was raised by the hon. Member for Canterbury (Mr. Brazier) in written questions that he has tabled. I have tabled questions, as have Labour Members such as the hon. Members for Stroud (Mr. Drew), for Thurrock (Andrew Mackinlay) and others. An early-day motion on the issue was signed by 72 Members last year. The Government cannot be under any illusion that this is not regarded as a serious matter on both sides of the House. Therefore, it is particularly disappointing that we are still waiting for real progress to be made.

While we wait for progress to be made, we still have a prevalence of incidents. In 2007, 116 contaminated air events were reported to the Civil Aviation Authority. The number of cases reported annually is rising. In 2006, it was 109—there were 78 in 2005. There are more complaints about some aircraft than others, which supports the point made earlier. It seems that some aircraft are more disposed to the problem than others. The Boeing 757 was involved in 43 such cases, out of 109, in 2006; and the BAe 146, of which fewer exist, was involved in 17 incidents—the second highest number of any aircraft.

The Government, in a previous departmental incarnation as the Department for the Environment, Transport and the Regions, stated on 21 January 2000 that

"fumes from the engines can only enter the aircraft cabin if an engine seal fails, which is a very rare event—around one failure for every 22,000 flights."

That was the Government's official position in 2000, but the Minister's predecessor—now the Minister of State, Department for Environment, Food and Rural Affairs, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick)—stated on 6 May 2009:

"There are however occasional bad smells or 'fume events' during flights, which are estimated to occur on approximately 0.05 per cent. of flights overall (one in 2000)."—[*Official Report*, 6 May 2009; Vol. 492, c. 192W.]

So we have gone from one in 22,000 to one in 2,000. One wonders how much further that statistic will drop before there is action to deal with the points in question.

Research by the German or Swiss broadcaster that the hon. Member for Bournemouth, East mentioned suggests that contaminated air was present in 28 out of 30 tested cabins. Furthermore, 106 Boeing 757 pilots surveyed reported more than 1,660 incidents during their careers, many of which were thought to be associated with contaminated air. A similar survey of 250 current and retired British BAe 146 pilots found that 85 per

cent. believed that they were breathing contaminated air while flying. More than half of them—an enormous number of pilots—reported symptoms of ill health relating to air contamination, and nearly one in 10 had to be retired on health grounds. An enormous toll is being taken on professional people, with seemingly little being done about it.

There have been incidents elsewhere in the world. In May 2009, a former flight attendant won civil damages for respiratory damage, having been exposed to contaminated air, in the case of Turner *v.* Eastwest Airlines Ltd. In October 2007, staff at Flybe refused to board the company's fleet of BAe 146 aircraft, saying that poor air quality was putting them and their passengers at risk. That came about after two stewardesses collapsed during a flight and all seven crew members had to be taken to hospital. Flybe subsequently announced that it would phase out BAe 146s for commercial reasons. That seems to be the nearest thing to what might be called an out-of-court settlement. I agree with hon. Members' comments on how interesting it is that we are now adopting a new form of producing air for cabins or, perhaps, reverting to what was originally there before bleed air was introduced in the 1960s.

There is no question but that this is a serious matter. The Government have said that they recognise there is an issue, and I do not wish to suggest that they are being less helpful than they are, because they have been willing to engage and have answered parliamentary questions. I met the Minister's predecessor, the hon. Member for Poplar and Canning Town, along with Lord Tyler and the Countess of Mar. I believe that Ministers are genuinely concerned about this matter and are taking it forward, but I hope they get the message from today's debate that they are not taking it forward far enough or fast enough. People are at risk as we speak, including pilots, passengers and crew. I am dismayed that it is taking such a long time to get the results of studies that the Government have instigated.

I asked the Minister's predecessor on 6 May why the research project on cabin air quality had been allocated to Cranfield. I say "allocated" because no European Union public procurement procedures seem to have been invoked on that occasion. He replied:

"The research project was tendered under the single tender procedure and approved in April 2007. Due to the complex logistics and the need for a project manager to develop protocols, this research could not be specified as a normal tender. Following the tender, Cranfield university was chosen by the Department, in consultation with the Department of Health, the Civil Aviation Authority, BALPA (largest pilot trade union) and airlines."—[*Official Report*, 6 May 2009; Vol. 492, c. 193W.]

Although that may be a realistic exercise, eyebrows would be raised if it were not tendered. An explanation has been given, but I hope that the Minister accepts that, because of the long delays—not necessarily since the project was allocated, although there have been delays since then—going back to 2000 and beyond, which I have mentioned, there appears to be an element of playing for time on somebody's part until aircraft are phased out and the problem goes away. I do not necessarily wish to suggest that that is absolutely the case, because I cannot prove it. Nevertheless, putting the circumstances together, one gets circumstantial evidence that suggests there may be some element of truth in my assumption.

I hope that the Minister will tell us what is happening with the Cranfield study, including when it will report. I hope he will tell us that there should be an open inquiry into this issue, because the public at large, and the pilots in particular, want to be confident that it is being seriously addressed. We need an open forum of some sort—I would hesitate to use a public inquiry as a forum—with opportunity for cross-examination, whereby people can test the theories, put forward their views and scrutinise those taking decisions and making assumptions on our behalf.

My colleague Lord Tyler asked a parliamentary question in the other place on 20 February 2007:

"Whether the Department for Transport will participate in research on cabin air quality by the United States Federal Aviation Administration."

Lord Bassam, answering for the Government, indicated that the Department was

"discussing with the Federal Aviation Administration…the possibility of collaborative research."—[*Official Report, House of Lords*, 20 February 2007; Vol. 689, c. WA215.]

Can the Minister give any further information on the collaboration that clearly was under way, or at least under consideration, back in February 2007?

Let me raise two other matters relating to cabin air quality that are entirely different to the substantive matter we are discussing. First, under an international aviation agreement, insecticides are sprayed in the cabin on flights from particular countries, presumably to kill off insects that may be brought into this country or elsewhere. Having done quite a lot of work on pesticides, I do not regard that as a safe procedure. One of the first issues that I ever took up as a campaigner was pesticides, and that is one reason why I am in politics. It does not seem entirely safe for large amounts of insecticide to be sprayed in a plane before it lands, sometimes over food, irrespective of whether children are present, with no proper warning or safeguards in place and in a confined atmosphere. I should like the Minister to tell me now or in writing what assessment has been made of the potential health implications of that practice, not necessarily for a fully healthy person but for a vulnerable person with previous exposure to pesticides. The first time I went on a long-distance flight and experienced that, I had no pre-knowledge of it. Someone who is vulnerable to pesticides—insecticides—through exposure to them on farms, for example, and has lost resistance to them could be sprayed without their knowledge. That is worrying. I would grateful if the Minister took up that issue.

My second point concerns air quality on board for individuals who require extra oxygen for health reasons. The Minister may be aware that airlines have vastly differing practices regarding allowing oxygen on board. I have had representations on this matter from the British Lung Foundation and others, who are concerned at the wide variations in practice across the industry. There is even resistance from some airlines to anyone bringing on board extra oxygen at all, even if they pay for it themselves. A person's requirement for extra oxygen is effectively a disability, and we should not be discriminating against people with such a health need. I should like the Minister to ensure that there is a process whereby airlines supply extra oxygen to those who identify themselves as needing it; or, at least, to ensure that no obstacle is put in their way if they wish to bring extra oxygen on board.

3.8 pm

Mr. Julian Brazier (Canterbury) (Con): It is an honour to serve under your chairmanship for the first time, Dr. McCrea.

I congratulate my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) on making a typically well-researched, thorough speech. In securing the debate, he has done us all a favour and has given us an opportunity to focus on something that a number of hon. Members have been concerned about for a long time. As a pilot, he has brought particular knowledge to the subject. We have had a good short debate, including a contribution by my hon. Friend the Member for Stratford-on-Avon (Mr. Maples). I also enjoyed listening to the hon. Member for Lewes (Norman Baker). I share the genuine concern of my hon. Friend the Member for Bournemouth, East about the contamination of air supply to commercial aircraft cabins.

I pay tribute to the campaign by the Global Cabin Air Quality Executive for raising awareness of the issue, and in particular to Captain Tristan Loraine, whom my hon. Friend the Member for Bournemouth, East mentioned, and to Captain Susan Michaelis, who have done so much to raise the profile of this issue in the public spectrum. The campaign is made up of professional pilots and is assisted by scientific experts who are well placed to research and comment on the matter, one of whom—Dr. Sarah Mackenzie Ross—figured in my hon. Friend's speech.

The campaign argues that a number of pilots have been severely brain-damaged by cabin air pollution, and that the lives of passengers and crews are being put at risk, as my hon. Friend set out in some detail. Dr. Mackenzie Ross considered those issues in her studies and specifically looked at flight crews, not only because they are more frequently exposed and therefore principally at risk, so we are more likely to see effects among them, but because of the obvious point that the lives of everyone on board a modern aeroplane would be put at risk if the pilot was seriously affected or, worse still, if the pilot and the co-pilot were seriously affected at the same time.

When simulators are used to investigate the decisions taken by flight-deck crew, factors such as tiredness are sometimes assessed, but there are no tests to establish what happens when the quality of decision making is deliberately downgraded. If that is the case, and that is what I have heard from the industry, it suggests that different sectors have different approaches. Most people believe that being a pilot is more difficult than being a driver, but a number of organisations, including the Institute of Advanced Motorists, have done extensive tests on drivers, subjecting them to a variety of things that would impair their decision making, such as large quantities of alcohol or having to talk on a mobile phone while driving a difficult route.

Dr. Mackenzie Ross has found that cabin air is sometimes contaminated with hydraulic fluids and synthetic jet oils, which contain the chemicals described by my hon. Friend. Those chemicals are potentially highly neurotoxic and are, as he said, found in a variety of other sources, including agricultural chemicals. Most famously, they were also behind Gulf war syndrome. In 2007, about 350 UK aircrew advised their union that they may be suffering physical and psychological ill health following exposure to contaminated air.

Dr. Mackenzie Ross has argued that the incidence of contaminated-air events on commercial and military aircraft is difficult to quantify because of the lack of monitoring systems. I do not want to repeat everything that my hon. Friend said, but the study that he quoted is significant. In 2003, the British Airline Pilots Association said that only 61 out of 1,667 contaminated-air events were recorded. In other words, only about 4 per cent. of incidents were making the records, for all the reasons that he gave.

The Minister should set up an awareness campaign among aircrew to look at the dangers of air contamination and at how to report contamination events. I will be making a number of other points, but that is one of the most basic. Aircrew—I hope that the union will show some leadership on this—should be actively encouraged to report problems. I would also like to know what steps the Minister will take to ensure that passengers are informed when they have been exposed to a contamination event.

Unlike in a building, passengers in the pressurised cabin of a plane are totally dependent on the air supplied by the plane once the doors have been closed—obviously, they cannot open a window. Today, that always means bleed air from the main engine. In most aircraft, air is bled off at a temperature of at least 400° C. It then goes through a heat exchanger and ductwork before being delivered to a manifold, where it is mixed with re-circulated air. I am told that the heat exchanger and ductwork in most aircraft are never cleaned and that no regime is in place to ensure that airlines do such work—indeed, there is no regime or regulation in place even to establish whether airlines do it. Even the air conditioning systems in a decent hotel room are subject to a regime of filter changes and duct cleaning, and people in a hotel room can open the window.

Everyone present will agree that air supply needs to be safe. It is widely recognised that all aircraft are subject, to some extent, to occasional engine oil leaks, but certain types are subject to many more, and my hon. Friend picked out the BAe 146 and the Boeing 757. The CAA database for 2004 recorded that 72 flights experienced contaminated air, although the low reporting rate, to which we have all alluded, suggests that up to 2,000 flights in the UK may have experienced contaminated-air events in that year. It is clear that the process by which air is delivered to the cabins of commercial airliners is potentially flawed. It does not guarantee the quality of air for breathing, and no mechanisms appear to be in place even to monitor air quality, let alone to ensure that air is safe.

Such issues are increasingly recognised. My hon. Friend referred to Boeing's decision on the 787—the so-called Dreamliner—and it is interesting to look at what Boeing said about it. Boeing was invited by the House of Lords Science and Technology Committee to make a submission and it did so in writing. It said:

> "The Boeing 787 will have a no-bleed architecture for the outside air supply to the cabin. This architecture eliminates the risk of engine oil decomposition products...being introduced in the cabin supply air".

The fact that the world's biggest aircraft manufacturer takes that view provides compelling evidence that there is an issue to address. My hon. Friend also mentioned Rolls-Royce, which, as far back as 2003, said:

"Any oil leaking from an engine, entering the aircraft customer bleed offtake, is classified as hazardous".

Another independent expert on the subject, who comes from the opposite side of the world, is the Royal Australian air force's head of aviation medicine research, Dr. Singh Bhupinder. He has spoken out at international conferences, making it clear that he, too, believes there is a real issue to address.

Will the Minister confirm what steps the Government are taking in conjunction with the CAA to ensure that the passenger air supply on aeroplanes operates at a safe level of toxicity? Everybody in the Chamber recognises that the airline industry is struggling, and it is worrying to see the country's national airline appeal to staff to work without pay, while a whole string of small, struggling airports, many of which are highly geared, are on the edge financially. I am the last person to want to put extra burdens on a struggling industry at such a time, but the fact is that people's lives and the long-term health of crew members are at stake. It is therefore strange that the Department for Transport has done little quality research on the subject.

When the Department asked the Committee on Toxicity—an independent body that advises the Government, including, incidentally, the Department for Environment, Food and Rural Affairs on agricultural issues—to review all the available evidence, the committee was unable to arrive at firm conclusions. As my hon. Friend said, however, it recommended further research to determine what substances are released via the bleed air system and whether exposure to those substances could result in acute or chronic ill health. The committee recommended two types of study: first, an exposure monitoring study, with on-board monitoring of air quality on a number of aircraft; and, secondly, further investigation of neuropsychological functioning in pilots via a cross-sectional epidemiological study using proxy measures of exposure.

My hon. Friend and the hon. Member for Lewes mentioned the Department giving the first study to Cranfield university. Cranfield has an excellent record, and I do not want to be critical of it, but it is very nearly an in-house organisation. Indeed, its staff include quite a number of Government employees, including quite a lot of uniformed people—indeed, my father-in-law worked there at one point. There is therefore a legitimate concern that simply giving the study to Cranfield, rather than putting it out to competitive tender, raises serious questions over whether the investigation is independent. To date, the Department for Transport has refused to commission the second study—the cross-sectional neuropsychological study—but the Minister may be able to update us on that. Will he tell us why the first study could not be put out to competitive tender, and where we have got to on the second study?

The hon. Member for Lewes asked about co-operation with the FAA, and I repeat the question. I have had complaints from people involved in the campaign that we have dragged our feet in co-operating with the FAA when Britain could have made a significant difference.

The hon. Member for Brighton—

Norman Baker: Lewes. Brighton is a suburb of Lewes.

Mr. Brazier: Indeed; like Newcastle and Gateshead.

The other issue that the hon. Gentleman mentioned is oxygen on flights, and it is a serious concern. I draw the Minister's attention to the fact that the early-day motion has attracted more than 200 signatures. There is a legitimate point to consider. A safe air supply for people who require oxygen must involve the presence of cylinders to top up their need for greater concentration. I hope that the Minister will update us on that.

Contamination of aircraft cabins by engine oil fumes is a serious aviation safety concern for both aircrew and passengers. There is significant evidence to warrant going beyond just a bit more study to get to the bottom of the matter. I hope that the Government will today make it clear that they will urgently and thoroughly investigate the problem so that the necessary steps to make crew and passengers safe on our aeroplanes are taken.

3.22 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): It is a pleasure to serve under your chairmanship, Dr. McCrea, in this important debate, and I congratulate the hon. Member for Bournemouth East (Mr. Ellwood) on securing it. The issue is serious, and I say that genuinely. However, we must talk about facts and real evidence, and there has been an awful lot of speculation in some of the contributions. I want to answer hon. Members' questions as clearly as possible, and to show that this country has been at the forefront in taking forward some of the current work. Bearing in mind the depth of knowledge of some hon. Members, I am sure that they are well aware of that. I will explain where we are, and answer as many questions as clearly and thoroughly as I can.

Air quality in commercial passenger aircraft is high, and much of the information that we have heard today would be worrying for anyone who is thinking of travelling on a plane. To put the matter into perspective, the hon. Member for Lewes (Norman Baker) referred to numbers and said that the Government had changed the number of events from one in 22,000 to one in 2,000. The Committee on Toxicity estimated in 2007 that fume events occurred in approximately 0.05 per cent. of flights, or one in 2,000. In 2008, 97 contaminated air events were reported to the CAA under the mandatory occurrence reporting scheme from 1.2 million passenger and cargo flights by UK carriers.

Of the 97 reported occurrences of contaminated air by aircraft type, 38 were on a Boeing 757, 19 were on an Airbus 319, and six were on an Airbus 320. Some hon. Members referred to British Aerospace's BAe 146, and there were two reported occurrences in 2008 for that aircraft. They asked why such fume events happen, and why nothing has been done in any shape or form. Mechanical system malfunctions occur and may result in abnormal operating conditions, but the CAA has taken remedial action to help operators of specific aircraft to reduce the incidence of fume events, such as engine oil servicing procedures and engine sealing modifications. Those are some of the steps that have been taken to help the industry and those who work on planes and travel by air. It is essential to ensure that health and safety provisions for both categories of people are of the highest level.

I recognise the concern that has been raised, but we must have evidence, and we have undertaken work on

[Paul Clark]

that. I assure everyone who is listening to our debate and those who read *Hansard* that it is not a proven fact that cabin air harms health. Hon. Members rightly said that work on that should be done and should continue, and I intend to show that it is being done, and that we have the highest quality of studies.

Norman Baker: The Minister said that there is no proof that cabin air causes problems. Does he think that stewardesses and pilots collapsing with brain damage is a coincidence?

Paul Clark: The hon. Gentleman is well aware that I am saying that we need evidence to conclude that such fume events cause those illnesses. I am not suggesting that they have not happened, but to ensure that they do not happen again, we must know exactly what causes them. That is why research is necessary. It is complex research and it is being done as we speak.

Mr. Brazier: To return to the Minister's figures, he said that approximately 100 events were recorded in a year. Several of us mentioned the study that suggested that only 4 per cent. of events are recorded, but if the average number of passengers on the aircraft on which such events took place was 150, 15,000 passengers would be affected. If 4 per cent. of those are reported, 25 x 15,000 is about one third of a million passengers affected in a single year. That does not mean that all were brain damaged, but it provides an idea of the scale of what we are talking about, especially as no one denies the link between organophosphates and brain damage.

Paul Clark: The hon. Gentleman is right in saying that no one denies that link, but 97 reported occurrences does not mean that they led to x, y or z occurrences of illness or disease. The jump to the calculations that he just made about 15,000 passengers being affected and so on is a big leap. I am sure that we all want to make certain that the evidence exists, so that we can ensure that if there is a problem, we can take the necessary steps to eradicate it, but again, that is not straightforward.

Mr. Ellwood: Will the Minister give way?

Paul Clark: Let me make some headway and I will give way shortly. I want to deal with this issue. There seems to be a suggestion that people are not reporting incidents because they do not want to rock the boat. Well, the mandatory occurrence reporting scheme—MORS—was established in 1976. It is regarded worldwide as a safety reporting model and is used in many other areas. It exists to ensure that the CAA is advised of hazardous or potentially hazardous incidents and defects. In addition, even if what hon. Members have alluded to is the case and employees will not report incidents, there is a confidential reporting line to the CAA, which is called CHIRP—the confidential human factors incident reporting programme. That is for those who do not want to let their employer know that they are reporting such an occurrence. It would therefore be wrong to say that the reporting system does not help employees to report occurrences. It does. That facility exists through both MORS and the confidential route.

Mr. Ellwood: With respect to the Minister, we have ample time in which to debate these issues. I am pleased that he is taking interventions, but there is still another half hour to go—plenty of time for us to debate. He has spent 10 minutes arguing about statistics, and they can be read in different ways. He began his remarks by saying that this is a serious issue. I would like to move on to the action points—what he intends to do—and I think that he wants to move on to that, too.

On the point that the Minister is making now, however, does he agree that, rather than depending entirely on whether a pilot comes forward to make a report, it is time that we had a monitoring system to measure the quality of air on aircraft? That would be an independent way of checking whether the toxins are making it on board, as opposed to leaning heavily on the reports written by pilots, who might or might not fill out a form.

Paul Clark: I am delighted to say that that is exactly what I want to move on to, which is why I did not particularly want to give way again. I do want to get to some of the substance of the debate, to which the hon. Gentleman referred. However, the reporting procedures have to be one of the first stages of dealing with the issue, which we all agree is important and needs investigation. We cannot allow the reporting system to be undermined in a way that suggests that it is not robust. That is why I wanted to deal with that at the outset.

Most modern commercial aircraft are fitted with high efficiency particulate air—HEPA—filters, which are extremely efficient at removing airborne contaminants such as droplets, bacteria and large viral particles. Typically, the air in the cabin is exchanged every two to three minutes. This is the only country that I know of in which there is a general duty to safeguard the health of persons aboard aircraft. Our commercial aviation safety record is second to none. That is a hard-won reputation, and it has been won by all players in the industry and all staff who work in the industry. As I said, we are the only country in the world with a duty to safeguard the health of persons on board aircraft—the health of the travelling passengers as well as employees. The Civil Aviation Act 2006 amended the Civil Aviation Act 1982 to charge the Secretary of State with

"the general duty of organising, carrying out and encouraging measures for safeguarding the health of persons on board aircraft."

The functions of the CAA were also amended to include the health of persons on board aircraft. That change is a world first, as far as we know, and was welcomed by Parliament. It follows that we take the issues of safety and air quality in passenger planes extremely seriously.

We have a good story to tell on the research that we have put in hand to try to get to the bottom of cabin air fume events. Occasionally there are bad smells or fume events, as they are referred to, during flights, and those have been reported on a number of aircraft types that are used around the world. That is a valid point: we must remember that this is not a UK-only matter. It raises issues that we need to take into account. Reports to the CAA show that sometimes one pilot reports a bad smell and the other detects nothing. An unpleasant smell is undesirable but does not necessarily harm health. That is partly the point that I was making to the hon. Member for Canterbury (Mr. Brazier). Conversely, carbon monoxide has no smell, yet it kills people in their homes every year.

Pilots who have experienced fume events report a variety of short or long-term symptoms of ill health, but it is not certain that those symptoms are work-related. Reports of those events are very infrequent. As I said, the figures for 2008 show that there were 97 reported contaminated air fume events. That is out of 1.2 million flights.

So what has been done, bearing in mind the small number of fume events? First, we commissioned the independent Committee on Toxicity—a panel made up of toxicologists from various universities, not Government stooges. They completed a substantial review of evidence in September 2007 and concluded that the evidence available did not establish a link between cabin air and pilot ill health, nor did it rule one out. We have therefore begun innovative research to investigate concerns about potential contaminants in cabin air and to try to fill the gap in knowledge identified by the Committee on Toxicity. Again, we are leading the world in that work.

No one has previously captured samples of cabin air during normal conditions and fume events and analysed them to see what substances they contain and in what concentrations. The science is difficult, because fume events are unpredictable and can last only a couple of minutes—if that, in some cases. We have that research in hand as a priority. To date, we have commissioned functionality tests to identify equipment capable of capturing fume events in real time. The report was published on 21 February 2008. We are now confident that we have the equipment that will do the job. We have begun a more substantive phase of in-flight functionality tests to assemble data on the substances in the cabin air during fume events. That work builds on the equipment and methodology tested in the first phase. Several airlines volunteered to take part by allowing an independent scientist to come on board with sampling equipment. Testing began in 2008 and is continuing in 2009.

The tests to identify suitable scientific equipment capable of capturing fume events were peer-reviewed by scientists in the UK, Europe and the USA. It is important that peer review happens. The matter does not pertain only to the UK or UK aircraft. It is relevant across the aviation world. Future work in that area will be similarly peer-reviewed before publication.

I shall deal with some of the specific issues raised before moving on to other matters. We heard that Flybe is no longer flying the British Aerospace 146. The company has upgraded its fleet, as all airlines do, for a variety of reasons, not least to stay competitive and to ensure efficiency. However, it does not say that it was to do with air contamination. I realise what is being said, but it was a great leap to suggest that Flybe got rid of its BAe 146 fleet because of contamination. Indeed, I have already pointed out that the last reported statistics show only two cases in that time. It is a leap of faith to say that the company did it purely because of problems of contamination; that is not the case.

It is far too premature to draw an analogy with Gulf war syndrome. A substantial amount of work has yet to be done on that. However, military service is not directly comparable to working in private commercial employment. Our primary aim has to be to get evidence of what occurs during fume events, to see what contaminates are released, and to analyse them.

Mr. Maples: Has the Minister moved on from the toxicity study? If so, will he tell us when it is expected to report? People are anxious to know. They are grateful that the study is taking place, but they want to know when they will receive the answers.

Paul Clark: The hon. Gentleman raises an important point. I have indicated that the work is continuing; it is being done in conjunction with specific airlines, which have offered to help with the study. That work is being undertaken now. We expect it to continue for the majority of the year, and then to be written up. It will then be peer-tested, unless there is anything of particular alarm. It has to be peer-tested for the reasons that I gave. We expect the report to be published in the early part of next year.

I should explain the work undertaken by Professor van Netten at the university of British Columbia. We wrote to the professor, asking for further information on whether the samples were taken with the airlines' authority and transported in sterile conditions to guarantee that they were free of extraneous contamination. He replied:

> "I have no further information...Most importantly, however, accurate in-flight air concentration measurements are needed. Only then can a proper assessment be made if TCP exposure is indeed a problem or can be eliminated."

That is precisely what we are seeking to achieve with the current research project.

The hon. Member for Bournemouth, East cited studies from Germany and Australia that concluded that the air was contaminated. I am not aware that Australian or German airlines have banned any of those aircraft. Again, the evidence to date is not robust or clear enough to convince the regulator.

Mr. Ellwood: I am saddened by the direction taken by the Minister. He seems to be trying to knock away every bit of evidence that has been put to him. He is right to say that the tests are difficult to do on planes and that they cannot be done in laboratory conditions. However, the point has been made that there is enough evidence to raise eyebrows. For the Minister to lean on a report that is not to be published for a couple of years suggests that the Government are not taking the matter as seriously as they should. I posed a firm question to the Minister: I asked whether it was time to install monitoring systems in aircraft. He did not give a reply. I pose the same question again.

Paul Clark: The Government are leading world research into the very issues that are of concern both to the hon. Gentleman and to me as Minister. We must ensure that we have the evidence, and thus know exactly what the issues are, so that if we find evidence that gives cause for concern, we can then help and protect those who work in the industry and those who travel by air. I am sure that the hon. Gentleman accepts that it will have to be based on the evidence. This Government and this country are leading that research. He is right that it will not be done be in laboratory conditions. That makes it genuinely more difficult to ensure that we get the systems and processes needed to get precisely the evidence that he and I seek.

I express my thanks to those airlines that have made their aircraft, their pilots and their management time available to the research effort, especially as they have

[Paul Clark]

done so free of charge. It is no exaggeration to say that without that help the work could not have progressed, as sadly was the case in the USA, where such joint working was not possible. I assure the House that the research is entirely independent of industry. It has been suggested that it was industry-led, but the Government and the taxpayer are paying for it—to the tune of approximately £500,000.

Cranfield university, the project manager, is actively engaged on the cabin air sampling programme, and about 40 of the planned 100 flights have now been tested by scientists on board. Samples are being taken by named individuals, who have received special briefing by Cranfield to ensure a consistent methodology and a secure chain of custody for delivering the samples to the laboratories for analysis. It is likely that this phase of the research will last until the end of the year. The logistics are complex, which is why it cannot be done sooner. Equally, we want to ensure that the work is not open to substantial challenge because procedures and so on were not followed.

We lost some months recently because of internal procurement procedures, but those delays were important in enabling us to test that we were getting value for money in what are obviously tight departmental research budgets. I am pleased to say that those hurdles have been overcome and that the research continues.

The project manager is Professor Helen Muir, an aviation safety expert at Cranfield. The project also has the support of Cranfield Health and two external laboratories. The research design was overseen by a steering group, which includes a number of independent occupational hygiene experts, a British Air Line Pilots Association pilot and the Health Protection Agency. It reports to the aviation health working group, the members of which include trade union representatives, the Air Transport Users Council, the Civil Aviation Authority, the Department of Health and the Health and Safety Executive. It is a robust reporting system. We needed an organisation that was familiar with aircraft and with which airlines would work. That is not what happened in the USA, where airlines did not make aircraft available for air sampling. It is essential, therefore, to have an organisation that can undertake such complex work.

Once completed, the findings will be peer-reviewed, before being published as a whole, and I hope that that will be as soon as is practicable. The Chamber will understand that we are filling a gap in knowledge. Fume events are unpredictable and can last less than a minute. There are no published studies of air sampling during fume events. The only way to resolve the issue is with top-quality science of a standard necessary to encourage aviation regulators to take the action required. I am confident that Cranfield will give us the best scientific picture possible in what happens during a fume event. Any regulatory action required will have to be taken, as far as the EU is concerned, by the European Aviation Safety Agency. Hon. Members will be aware that EASA will not take any regulatory action without sound evidence, which is why it is critical that our pioneering, world-leading research is robust and responsive.

The hon. Member for Bournemouth, East claimed that the Government are basically doing nothing. I have already indicated that we are leading the world. The issues are not being ignored, as I hope he will recognise in the light of my comments so far.

Mr. Ellwood: I have a letter from the American Society of Heating, Refrigerating and Air-Conditioning Engineers, which is one of the main engineering associations in the United States of America, and is very influential in writing quality standards that are then adopted by the regulatory authorities. The letter asks Ministers to introduce sensors on to flights. The society, and others in America, have done a lot of work on this matter, so it would be a bit disingenuous to say that we are leading the way. If we were, the report would have been ready for us to discuss today, and we would be talking about actions, rather than about when it will be published. This letter, which I am happy to provide to the Minister, if he has not seen it, requests that sensors to measure toxins be put on to aircraft now.

Paul Clark: The report will do exactly that necessary detailed research, in conjunction with the private airlines with which we are working closely on the monitoring work. We are involving their staff, as well as independent, on-board scientists, in the work that we all want done.

We accepted, and are now acting on, COT's recommendation for further work to be done. The hon. Member for Stratford-on-Avon (Mr. Maples) referred to COT and raised various other issues. COT arranged for an independent review to be carried out by Professor Morris, who is professor of neuropsychology at the Institute of Psychiatry at King's college hospital. His report said that the association between flying and neuropsychological abnormality

"should be interpreted with great caution because of the small sample used".

He concluded that the study

"cannot suggest a link and equally, it does not rule out a link... In order to establish a link there is a need for a much larger study taking a randomly selected...sample".

Mr. Brazier: I have huge respect for King's despite my son being a medical student there. COT recommended that a study be done, but that study has been described as being not big enough to give a proper answer. We need a large study so that we can find out whether that link exists.

Paul Clark: There is a need in terms of the scale of requirement. We are working through some of the requested work and have accepted some of the recommendations to which I referred earlier.

I shall address the point about the Boeing 787. Indeed, Boeing has designed a new aircraft with no-bleed air, but it has not withdrawn the older models, such as the 757, or required extra filters to be fitted.

Mr. Ellwood: No one has told it to!

Paul Clark: With due respect—

Mr. Ellwood: No one has legislated!

Dr. William McCrea (in the Chair): Order.

Paul Clark: People working in the industry need regulation, to a certain extent, but I do not believe that the hon. Gentleman is suggesting that Boeing is so irresponsible that it would allow planes to fly that could contaminate passengers, according to his earlier arguments. It would be uncharitable to follow that line in suggesting that regulation is needed to tell it to remove planes that he thinks are "lethal"—his word.

The hon. Member for Lewes asked about a public inquiry. COT, an independent panel, looked into the matter. In 2007-08, the issue was revisited by the House of Lords Science and Technology Select Committee, which urged the Government to complete the air sampling research, which we are doing. I am not convinced that a third public inquiry would take us much further forward.

On non-co-operation with the USA, we have had a number of contacts with the Federal Aviation Administration about a collaborative effort, but the principal effort is UK-led, because, as I have already alluded to, no American airlines are participating in the research funded by the FAA. A further point was made about insect spraying, which is done on planes, especially in hot climates. Complaints are occasionally received from passengers claiming respiratory illness after spraying. Under 2005 international health regulations, the World Health Organisation aims to prevent and control international spread of disease. Insecticides approved by the WHO can be used.

Norman Baker: Does the Minister accept that it is not satisfactory for people not to know what is being sprayed when they get on a plane? Will he undertake to ensure that planes identify what chemicals are used and notify individuals in advance? Will he let me know what they are? When I have asked stewards and stewardesses on planes, they do not know the active ingredients. If he cannot answer now, he can write to me.

Paul Clark: That is covered by WHO provisions, guidance and rules.

The hon. Gentleman and the hon. Member for Canterbury missed a very good debate in this Chamber yesterday on medical oxygen supplies on airlines. I am pleased to say that a number of UK airlines, such as British Airways and Virgin Atlantic, are leading in that field by not charging for oxygen supplies. The matter has been raised by, among others, the British Lung Foundation. As I said here yesterday, that will help to raise awareness of the problem. Individuals will take note of provisions made, but further work needs to be done.

The UK is taking steps to help the world aviation industry to deal with this important issue. However, we need to ensure that we have clear evidence before us when doing so.

Archer Inquiry

4 pm

Jenny Willott (Cardiff, Central) (LD): I am grateful to have secured this debate about the Archer inquiry into contaminated blood and blood products. I should like to put it on record that I am sincerely grateful to Lord Archer's team for its informed and reasoned assessment of the situation. Lord Archer himself did not apportion blame. His focus, and mine today, was the treatment of the victims of this appalling tragedy.

Some 1,200 patients were infected with HIV and 4,670 with hepatitis C as a result of NHS treatment in the 1970s and 1980s. Many of those patients were unaware of their infection and went on to infect their husbands and wives as well. So far, some 1,800 members of the haemophiliac community have died. In the past few years, many of the survivors have been told that they may have contracted variant Creutzfeldt-Jakob disease from infected blood products.

Haydn Lewis, a constituent of mine, has been infected with hepatitis B and C and HIV. He also infected his wife with HIV before he was aware of his own status. His brothers, who are also haemophiliacs, are infected as well. Last year, Haydn was informed that he had been exposed to vCJD. Moreover, as a result of his hepatitis C, he developed liver cancer and has recently had a liver transplant. Haydn's health has suffered massively over the years. He had to give up work early, and his entire family has suffered as a result of his condition. His family is just one of thousands across the country.

Despite the fact that a large number of people have been affected, there has been a desperate lack of public debate on the subject. The last debate in the Commons was in 1990, and the last Westminster Hall debate was nearly 10 years ago. The Department of Health did not even make an oral statement when it responded to Lord Archer's report. The level of interest in today's half-hour debate demonstrates the need for a much longer debate in Parliament.

Mr. Oliver Letwin (West Dorset) (Con): Does the hon. Lady not agree that what is so extraordinary is that the Government do not appear to want to engage with Lord Archer even at this stage?

Jenny Willott: That is a very valid point, and I was about to mention it. Although Lord Winston described the tragedy as

"the worst treatment disaster in the history of the national health service",

the Government have always argued that a public inquiry would be unjustified and unnecessary. The Archer inquiry was the first public attempt to uncover the truth, but because it was not a statutory inquiry, Lord Archer could not compel witnesses to give evidence and he could not oblige bodies to release documents. The Department of Health even refused to send witnesses to give public evidence to the inquiry.

Nia Griffith (Llanelli) (Lab): Does the hon. Lady agree that whatever the form of the inquiry, what we do not want to do now is launch yet more inquiries or

[Nia Griffith]

waste more time? We need direct help from the Government for those who have suffered the most from this terrible tragedy.

Jenny Willott: It is true that we need to move forward and consider providing decent compensation. However, given that more documents have been released since the publication of the report, there is probably a need to hold a further investigation.

Bob Spink (Castle Point) (Ind): On the need for further work, does the hon. Lady not agree that good as the report was, it was fettered by its focus on the haemophiliac community? For example, one of my constituents, who was treated for the blood disorder idiopathic thrombocytopenic purpura, is being disadvantaged by that focus.

Jenny Willott: It is true that a number of different groups of patients have been affected. There are also people who have been infected with blood products as a result of blood transfusions. As they are a much smaller group, they often feel that they cannot make their voice heard. A wide range of people has been affected for a number of different reasons.

Lynne Featherstone (Hornsey and Wood Green) (LD): I must declare an interest because my nephew is a haemophiliac, and he has been infected with hepatitis C. He was forced to carry on taking treatment that was not safe long after the Government knew about the infected blood. The manufactured blood product, recombinant, was available only to those under the age of 16. Any haemophiliac over 16 had to take potentially infected injections. There has been an entrenched resistance by the Government to admit what happened in the past. Now, though, as the hon. Member for Llanelli (Nia Griffith) said, we must move forward to deal with the issue in an open, frank and honest way, which will give sway to the relatives and change their futures.

Jenny Willott *rose—*

Dr. William McCrea (in the Chair): Order. Interventions must be brief because the hon. Lady has only a short period in which to speak, and the Minister must respond.

Jenny Willott: Many of the relatives of those who have died feel that there are questions that still need to be answered before they can move on with their lives.

I welcome the release of thousands of documents by the Department of Health. Those documents were initially thought to be lost or destroyed. However, the Department has not played fair with the inquiry team. In response to my parliamentary questions in December 2008 and January 2009, which was about a month before Lord Archer reported, the Department told me that 35 documents were being withheld under the Freedom of Information Act 2000. It then released 27 of those documents two months after Lord Archer reported. In May, the same day that the Department responded to the report, 468 more documents were released. They had been identified in late 2008. None of the documents was made available to the inquiry team or mentioned in responses to my parliamentary questions even though the Department knew about them. Will the Minister clarify whether Lord Archer was aware that so much relevant information had not been released when he reported? Moreover, will she tell us how many documents have still not been released by the Department?

I do not want to apportion blame today. It is more important to talk about the issue of compensation, particularly as we have such a short time in which to debate the subject. The compensation is for victims who are still alive and for the widows and families of those who have died. Lord Archer said that the financial assistance that is currently available is insufficient, and recommended that assistance should be on a par with the existing Irish scheme. The Irish tribunal, which was set up 12 years ago, assesses each case on an individual basis and then sets out an initial lump sum payment and periodic payments thereafter. The main cost in Ireland has been the lump sum payment. Between 1997 and 2007, the tribunal awarded €566 million to 2,666 people, which is an average of £150,000 per person per case. Using the Department's own figures, a similar scheme in the UK would cost about £50 million a year for the lump sum payments in each of the first 10 years. In the scale of the Department of Health budget, that is entirely affordable. I personally think it is the least the victims deserve.

The Department's response to doubling the annual payments to those with HIV is extremely welcome, but it is the bare minimum that Lord Archer himself recommended. Just 350 of the 1,200 haemophiliacs and their spouses who were infected with HIV are still alive. The increase in payments to them is only £7 million a year, which, although welcome, is a very small amount of money, and will help only a small number of people.

In contrast, the Department has offered nothing at all to those with hepatitis C. Of the 4,600 people infected with hepatitis C, around 2,500 of them are alive today, so quite a few people are still living with that dreadful condition. The Skipton Fund, which was designed to help them, has paid out £97 million to 4,000 people since 2004, which is the equivalent of just under £5,000 per person per year. That is considerably less than the average benefit claimant receives in a year.

That is just not fair compensation for infecting someone with a virus that causes them huge daily suffering and is ultimately very likely to kill them. The Department of Health has said that it will reassess the scheme in 2014, but that is a very long way away, and we are talking about people with life-threatening conditions. By that time, many more of the affected people will have died after many years of suffering. That is not fair.

Alistair Burt (North-East Bedfordshire) (Con): The hon. Lady has been exceptionally generous in taking interventions bearing in mind the shortness of the debate. Does she agree that this is essentially a matter of justice and responsibility? That is why appropriate recognition by the Government of their position is so very important to those who have suffered.

Jenny Willott: Absolutely.

4.10 pm

Sitting suspended for a Division in the House.

4.25 pm

On resuming—

Dr. William McCrea (in the Chair): I call Jenny Willott to continue the debate, which may carry on until 4.45 pm.

Jenny Willott: We were speaking about the treatment of people with hepatitis C and how it differs from that of those who have contracted HIV. I would be grateful if the Minister told us why people with hepatitis C are treated differently from those with HIV—both conditions are debilitating and life-threatening and have caused severe financial hardship for those affected.

This tragedy has already produced hundreds of widows and widowers. They do not receive any financial support after the death of their partner. Furthermore, it is almost impossible for anyone with HIV or hepatitis C to get affordable life insurance. My constituent, Haydn Lewis, recently got a quote for basic life insurance cover, which had a premium of more than £6,000. That is completely unaffordable for someone who is dependent on benefits and Macfarlane Trust payouts. Lord Archer has said that the issue needs to be tackled, but unfortunately, the Department's response was that insurers do not discriminate against infected haemophiliacs, and that premiums are based on risk assessment. To me, that is both patronising and inadequate. No one is claiming that insurers discriminate against infected haemophiliacs, and of course premiums are based on risk. However, it is because the NHS infected those people with life-threatening viruses that they pose such a high insurance risk and are therefore charged unaffordable insurance premiums. All the recently announced extra funding for HIV sufferers will be swallowed up in life insurance costs, and the Government are proposing nothing to help those with hepatitis C.

The tragedy has affected a number of different countries around the world, yet the British Government's behaviour is different from that of other Governments. I have already spoken about the Irish tribunal, and in Ireland the Government decided to provide

"compensation for persons with haemophilia…on compassionate grounds, without legal liability on the part of the state."

Despite Government protestations, there is no difference between Irish and UK circumstances. Neither state has been found liable for the infection of haemophiliacs, but the Irish Government have recognised their duty to support those whose health was ruined by treatment under the national health system.

Almost every MP has a constituent who is affected by this issue or who has died from their infections. We can see the level of interest from the number of MPs who have turned up to the debate. I know that my hon. Friends the Members for Orkney and Shetland (Mr. Carmichael) and for Torbay (Mr. Sanders), who are elsewhere today, have both been involved with constituents on this matter. During the last debate on the subject in the House in 1990, the late Robin Cook said that this was not a party political issue, but an issue of conscience and of justice.

Early-day motion 963 calling for full implementation of the Archer inquiry already has 184 signatures from hon. Members across all parties. This issue has been going on for decades and has taken the lives of more than 1,800 people. Now is the time to draw a line under it once and for all. I would be grateful if the Minister let me know whether she will meet me and a small cross-party delegation of Members of Parliament, together with representatives of the Haemophilia Society and a couple of patients, to discuss how we can finally move forward and ensure that the Archer inquiry is put into practice.

4.29 pm

The Minister of State, Department of Health (Gillian Merron): I congratulate the hon. Member for Cardiff, Central (Jenny Willott) on securing this important debate. I pay tribute to her and others, including parliamentary colleagues, who work to support those who have acquired infections through treatment with blood or blood products.

I am deeply sorry for what happened and have the utmost sympathy for those whose lives have been affected by it either directly or indirectly. Parliament has debated the matter in both the Commons and the other place, and Lord Archer and his team conducted a thorough and valuable review. I thank Lord Archer for his report.

We can all agree that the circumstances are tragic. How could a revolutionary new treatment for haemophilia that offered so much hope at the time—the early 1970s—end in so much tragedy for so many? Almost 5,000 people in the UK and thousands more around the world were infected with hepatitis C and HIV, resulting in the loss of many lives.

Before the treatment became available, the life expectancy of someone with severe haemophilia was less than 30 years. Although there were warning voices at the time about the risk from infection, the consensus in both the scientific and haemophilia communities was that the risk was low and worth taking. Unfortunately, we know now that that consensus was wrong. The best available treatment at the time, a treatment intended solely to improve length and quality of life, resulted instead in heartbreak for many people and their families. The risks were higher than was thought, and the pain and grief caused can never be undone.

If doctors and medical experts had known then what they know now, the tragedy could have been prevented, but the fact is that they did not. Successive Governments have been accused of trying to hide what was said and done during the period when most of the infections occurred, but this Government have done more than any other to make information available about the events, judgments and decisions between 1970 and 1985, after which safer blood products were introduced. In line with the Freedom of Information Act 2000, we have made more than 5,500 documents publicly available. In examining all those documents, which span decades, neither we nor Lord Archer and his team found any evidence of a cover-up.

The hon. Member for Cardiff, Central asked about co-operation with Lord Archer's inquiry. I will say straight off that there is nothing to hide.

Susan Kramer (Richmond Park) (LD): I thank the Minister. I apologise for not being here for all of the debate; I mistimed the vote. As she is so committed to full disclosure, can the issue be debated on the Floor of the House? There are many lessons to be learned, and many people to be convinced that the matter is being dealt with openly and fully.

Gillian Merron: Obviously, that is a matter for the usual channels. I am sure that the hon. Lady will raise the issue at business questions. I would be happy to reply and debate it as required.

We know that there is a misconception that the Department somehow did not co-operate fully with Lord Archer's inquiry. That is not true. Lord Archer asked for someone from the Department of Health to meet him, and officials did so on several occasions, but he did not invite Ministers to attend or participate in his inquiry. More than 5,000 documents released in prior years were available to him. The most recently released, it appears, did not add materially to what was already known, but I am happy to write to the hon. Member for Cardiff, Central setting out precisely which documents were made available to Lord Archer.

Jessica Morden (Newport, East) (Lab): One issue troubling some constituents of mine—the parents of Colin, who tragically died aged seven—is what consultation took place with those affected between the publication of the Archer report and the Government's response. There is tangible concern that the community affected was not spoken to before the Government's response.

Gillian Merron: There has been consultation and discussion. The hon. Member for Cardiff, Central asked me about a meeting. As always, I am happy to meet, but the requirement on the Government was to make a response to Lord Archer. We have done so, and it has been published widely.

Several hon. Members *rose—*

Gillian Merron: I give way to the hon. Member for North-East Bedfordshire (Alistair Burt).

Alistair Burt: I am grateful. May I press the Minister a little further on the relationship with the Archer inquiry? Surely, knowing that the inquiry was going on, the Department could have been proactive in offering help and assistance, rather than relying on the fact that it did not receive a formal invitation to take part. It could have been more constructive, and have involved more documentation in the inquiry, had it done so.

Gillian Merron: I can assure Members that, to the best of my knowledge, all co-operation has been made available. As I have stated, Lord Archer has made no suggestion of a cover-up. We have given him full co-operation. On the matter of being proactive, we met the inquiry team several times.

Mr. Jeremy Hunt (South-West Surrey) (Con): I am grateful to the Minister for giving way, as I appreciate that she wants to make progress. The response said that the Government would review the situation in 2014. That seems a long time away, particularly for my constituents and indeed everyone else's. Why was that date chosen? It feels very much as though the issue is being kicked into the long grass, when for many people involved, the financial concerns are immediate.

Gillian Merron: I am happy to come to that, but the simple answer is that it is in order to allow the scheme to be operational for 10 years, so that the issue can be assessed in full. There is no intention to kick anything into the long grass; indeed, it is not possible to do so.

On the point raised earlier about the supposed withholding of documents, I can assure Members that no documents are being withheld on either policy or commercial grounds. The Department has now released all of them. Only five documents from the period 1970 to 1985 are being withheld under a freedom of information exemption, on the basis that they contain personal information.

I understand the sense of grievance and anger and the need to find out what happened and why. I also understand the feeling that someone somewhere must be to blame for what happened, whether individually or collectively. I know that for some, whatever action is taken will be too little and too late. I can assure Members that we have demonstrated our commitment to those affected and responded positively to Lord Archer's report, to which I will come.

We continue to work to provide ever safer blood and blood products, and we are committed to helping everyone infected through contaminated blood transfusions by giving them the high-quality treatment, care and information they need to help them look after their health. We continue to provide financial relief for those infected through treatment so many years ago.

Dr. Brian Iddon (Bolton, South-East) (Lab): Will my hon. Friend give way?

Gillian Merron: I am happy to do so, but this will be the last time.

Dr. Iddon: I am grateful to my hon. Friend. When I compared the Irish situation with the UK situation in the House the other day, she said:

> "I cannot accept the comparison with Ireland, because the Irish blood transfusion service was found to be at fault, and that was not the case here."—[*Official Report*, 23 June 2009; Vol. 494, c. 656.]

However, will she admit today that the Irish paid out without liability and before any tribunal had met to discuss the position? In addition, Crown immunity applied to the health services in Britain at that time.

Gillian Merron: I stand by the points that I made. Furthermore, a judicial inquiry in Ireland found failures of responsibility by the Irish blood transfusion service and concluded that wrongful acts had been committed. As a result, the Government of the Republic of Ireland decided to make significant payments to those affected. As I will explain, that was not the case with the blood transfusion service here.

Lord Archer made a number of recommendations, and we have published our response to them. I will mention some of the main ones. For example, he recommended that those infected should be issued with cards to entitle them to benefits not freely available under the NHS, including free prescriptions. Last year, we announced our intention to phase out prescription charges in England for patients with long-term conditions. Professor Ian Gilmore chairs an independent review that is considering how that might be done. We will consider whether further action is required to implement Lord Archer's recommendation following the Gilmore review.

Lord Archer also recommended that Government should provide funding urgently to the Haemophilia Society. We have agreed to provide £100,000 this year

and for each of the next four years on top of any project funding that the society receives from the Department of Health. Lord Archer also recommended that further efforts be made to identify people who may be unaware that they have been infected through their treatment with blood products. We agree with that and will provide funding for the haemophilia doctors organisation to identify any such patients.

I turn to the recommendations on financial relief, our responses to which have come under the closest scrutiny. In the UK, such payments are not compensation but ex gratia payments. That is an important distinction. Lord Archer made recommendations on the payments and made comparisons with Ireland. However, it is important to restate that the position in Ireland is very different. The independent inquiry in Ireland found the transfusion service to be at fault because it had not followed its own official guidelines on protecting the blood supply from contamination. That is not the case in the UK. Comparable levels of payment are therefore not appropriate.

I understand that there can always be a debate over the adequacy and fairness of payments. So far, more than £45 million has been paid out through the two long-standing financial relief schemes for those affected by HIV. The Macfarlane Trust was established in 1988 and the Eileen Trust in 1991. This is the first occasion on which the structure of their payments has been reviewed. We are increasing the payments to those infected with HIV and will provide them with a flat-rate, tax-free payment of £12,800 per year. That amount is disregarded for benefits, which are payable on top. That change removes the need for people to make repeated applications for funds, and addresses Lord Archer's recommendation that payment to those who are infected should not be means-tested. We will also increase funding to the trusts to allow them to make higher payments to widows and dependants, although the level of payment will remain at the discretion of the trustees.

Turning to payments to those infected with hepatitis C, the Skipton fund has to date paid out nearly £100 million. In answer to why the review will be in 2014, in my view the fund is relatively young, as it has been running for only five years. I assure Members that I view the 2014 review with importance.

For all pre-existing conditions, insurability and the level of premium are determined through the assessment of individual risk. Lord Archer suggested that patients be given greater access to insurance, perhaps through payments. The Government's view is that it is the individual's choice how they spend the payments they receive. We have published our final response to Lord Archer's recommendations and are working to implement our commitments as soon as we can.

The hon. Member for Cardiff, Central also raised the issue of access to insurance through insurers. The Association of British Insurers has assured us that insurers do not treat haemophiliacs or those infected with HIV or hepatitis C differently from people with other pre-existing conditions. In practice, all pre-existing conditions must be declared and are usually subject to additional premium loading. In some cases, insurance is unavailable. If there are any further matters on insurers, I would be happy to raise them with other Ministers.

In closing, I realise that the Government's response will not satisfy everybody. We are dealing with an extremely difficult situation, which none of us would have chosen. I hope I have confirmed that there has been openness and transparency in the Government's response and that we have sought to do the best we can in this situation.

Energy Security and Nuclear Non-Proliferation

4.44 pm

Mr. Jamie Reed (Copeland) (Lab): This is an important debate. I am pleased that somebody with such a keen intellect as yours, Dr. McCrea, is presiding over it because it requires such a tenor of adjudication. I am pleased to welcome the Minister to his new role. I know that he will bring his own brand of intellectual rigour, diligence and enthusiasm to the post, which he displayed as an able Back-Bench colleague.

The Minister and I have just left a debate on the Parliamentary Standards Bill. As constitutionally important as that Bill is, it is my conviction that the issues before us in this debate are more important than those being discussed in the main Chamber. The Minister holds an important post in what is perhaps the most important Department. There is no more important issue facing this country and the world than climate change. It is widely recognised by left-wing and right-wing Governments around the world that this country—and by definition this Government and this Department—is leading the international response to the threat of climate change.

Energy policy is the engine of our policy response in this field and is at the heart of the Government's new industrial policy. Energy policy is one of the most pressing issues facing this country. Energy security and nuclear non-proliferation are at the centre of the issues we are discussing. I will outline the importance of energy security, the pressing requirement on us and other developed nations to formulate a solution to the threat of nuclear proliferation, the policy solutions that I believe the Government should pursue without delay, and the associated benefits of those solutions. We must recognise the reality of the situation and the opportunities presented by it.

The Sellafield nuclear facility in my constituency is the largest concentration of nuclear engineering skills, abilities and facilities in our country. The site is home to highly advanced facilities such as the Sellafield mixel oxide plant—SMP—and the thermal oxide reprocessing plant, or THORP. It is also home to tens of thousands of tonnes of uranium oxide and more than 100 tonnes of plutonium oxide.

I should declare an interest in Sellafield. Although I have no direct financial interest, I am a former employee of the plant. Its importance to my constituency is such that I should declare about 17,000 individual interests.

The Government's policy in this area is right and I believe that we should go much further. Put simply, THORP reprocesses spent nuclear fuel from the UK, Japan and other countries. Reprocessing results in the separation of the unused uranium and plutonium from a spent fuel rod, both of which are stored at Sellafield in oxide form, which is essentially a fine granulated powder.

Certain customers who send their spent fuel for reprocessing at THORP stipulate that the materials extracted from their spent fuel, which remain within their ownership, be returned to them as fuel that can be used in their reactors. Such fuel is mixed oxide fuel—MOX fuel—which is the combination of uranium and plutonium oxides into fuel pellets that are installed into fuel rods, a number of which can comprise a fuel assembly and be used again in a nuclear reactor. That fuel is manufactured at the adjoining Sellafield MOX plant, which was rightly approved by this Government. That is in keeping with the fact that every major pro-nuclear decision in this country's history from Windscale onwards has been taken by a Labour Government.

There have been significant processing problems at SMP, which have caused Sellafield management, the Nuclear Decommissioning Authority and the Government to assess the future of SMP for a number of years. That is not a new development. It is well known to the SMP work force and the wider community. Let me make my position clear: my constituents, this industry and our country cannot do without the services that SMP provides. It hosts a unique array of skilled workers with incredible technical, scientific and engineering competencies, which must not be lost to Sellafield or the nuclear industry in this country. Closing SMP without having a replacement facility simply is not an option. It has underperformed, but it will have a use until a new MOX plant is built at Sellafield.

If such a new facility were established, there would still be a role for SMP in immobilising the small quantities of plutonium that cannot be reused as fuel or fuel components. Fundamentally, there is strong market interest in bringing forward such a new facility, and there is a genuine desire for that from certain companies—they will be known to the Minister's Department—which are prepared to invest their money to make that happen. I discuss these issues with them regularly, so I know they are genuinely excited about the possibilities before them, as corporate entities, the Sellafield work force and the country. Whatever SMP's technical problems have been, the use of plutonium and uranium oxides to create fuel is unquestionably the right policy. There is no credible case for pursuing an alternative policy on environmental or economic grounds, on national interest or security grounds, or on the ground of effectively pursuing global non-proliferation policies.

It is beyond doubt that a new nuclear fleet in the UK would be central to securing our security of energy supply. Every reactor design being assessed by the nuclear installations inspectorate is capable of burning MOX fuel, and there is a huge and growing international marketplace for MOX fuel. Our policy response should therefore be obvious; indeed, it was recognised as such by the Prime Minister in his address to the International Nuclear Fuel Cycle conference in London in March, on the eve of the G20 conference. He is the only party leader who appears to understand these issues and their importance both to the country and to my constituents. He is also the only party leader to support nuclear development in the UK and in my constituency. I thank him for that, and for understanding and facilitating my constituents' ambitions.

In his address, the Prime Minister acknowledged the need for a better, stronger International Atomic Energy Agency, and for the need to turn stockpiles of nuclear weapons into fuel for use in civilian nuclear power programmes. He said:

> "Britain will be at the forefront of the international campaign to prevent nuclear proliferation and to accelerate multilateral nuclear disarmament."

He went on to say that

> "however we look at it we will not secure the supply of sustainable energy on which the future of our planet depends without a role for civil nuclear power. We simply cannot avoid the real and

pressing challenge that presents, from the safety and security of fissile material to the handling of waste, a comprehensive multilateral strategy to allow nations safe and secure access to civil nuclear power is essential".

Britain can fulfil its required role in those efforts only with Sellafield, THORP and SMP or a successor plant.

I repeat that the policy is sound. If that sounds remarkably like Eisenhower's "Atoms for Peace" programme, it is because it is. The expansion of civil nuclear power is clearly our best and most likely hope of effectively combating the problems associated with the proliferation of nuclear materials. In this country, there should also be utilisation, although not necessarily exclusively, of the closed fuel cycle, with the pursuit of new contracts for the thermal oxide reprocessing plant. Again, we know that the contracts are out there, and again, I know that the Government are sympathetically disposed towards them.

Other major policy implications rest on decisions relating to the use of plutonium in this country, and I must pay tribute to the Royal Society and its fellows for their consistent interest in this area and for their outstanding work. Many of their reflections and proposals run throughout this debate. The use of plutonium as a fuel component would necessarily mean that the vast majority of our stockpiled plutonium would be classified as an asset—a usable commodity of real value—rather than as a waste. The stockpile is currently classified as neither asset nor waste, but that position cannot hold, and I urge the Government to recognise the value of that asset as soon as possible. Indefinite storage—the current management route for much of our plutonium that has been produced by reprocessing fuel from British reactors and from the British weapons programme—is unacceptable for both the intermediate and the long term, and is incredibly expensive. In that state, those materials are a constant drain on public funds, yielding nothing, achieving nothing and doing nothing, but they could be earning the taxpayer billions of pounds, while helping to combat climate change.

It would be an absolute travesty if those materials were classified as waste. Current estimates put the cost of disposing of them at more than £3 billion, but again, that would yield nothing for the British taxpayer. It would represent spending without earning, and such a move would be entirely wrong in principle. As well as being both wasteful and expensive, those materials would have to be disposed of in a deep geological repository, which would materially affect discussions about that process that are already under way. However, that is the subject of another, lengthier and perhaps more contentious debate, to which I shall return. I cannot envisage any community, least of all my own, volunteering to dispose of those materials, given that real value, community benefit, environmental benefit and wealth could be generated from using them as a fuel source.

Let us be under no illusions. A decision to classify those materials as waste could jeopardise the establishment of a repository, undoubtedly leading to further public expense. Pursuing the policy route I have outlined would earn us billions, reduce our carbon dioxide emissions, increase the security of our energy supplies and help to solve non-proliferation issues. No other technological solution exists, and no other policy programme exists that could drive all those huge policy benefits and more.

It is essential to emphasise how that money could and should be used as a matter of principle, but particularly in the current national and global economic environment. After all, we live in straitened times. The billions that would be earned could and should be used to accelerate the decommissioning and remediation of the greatest hazards on the Sellafield site. The speed of progress in the work at Sellafield is limited by the availability of money and sufficient manpower. However, more public money is being spent at Sellafield now, by this Government, than at any time in history. The last time I checked, it was £1.3 billion a year, whereas the last time I worked there outside of Parliament it was in the region of £900 million a year. The better and best use of that money should, can and will be sought. I know that the work force are committed to doing that, and I am exceptionally grateful to them for all the work they do.

The policy I am suggesting includes a vision for Sellafield that means two new reactors being established on the site, powered by MOX fuel produced at a new facility on the site. That would not only lead to the socio-economic regeneration of my community, but would provide 6 per cent. of the UK's base load electricity demand over 60 years. At the same time, it would solve our proliferation problems and, perhaps most importantly of all, would obviate the need to emit more than 500,000 tonnes of carbon dioxide over that period.

Sellafield is predominantly funded by the public purse, and I am utterly opposed to spending cuts there. Talk such as the Conservative proposals to cut public spending by 10 per cent. is entirely ignorant. Sellafield could not stand such a cut, and nor could the community whom I represent. Ten per cent. of £1.3 billion is £130 million, which equates to almost half the local Sellafield wage bill. Also, such cuts would necessarily result in decommissioning taking longer, and the general rule of thumb is that the longer decommissioning takes, the worse the hazards become, as do the cost to the taxpayer and the environmental hazards. Nobody of integrity, knowledge or honesty could possibly hope to sell such a ridiculous proposal to my constituents and the Sellafield work force.

If the policy platform that I have suggested were pursued—I repeat that it is my sincere view that the Government are sympathetic towards it—the cost to the public of operating Sellafield could be significantly reduced and alleviated, while total expenditure could be increased and clean-up accelerated. We have to make money to spend money, and the Government's industrial strategy is the real-world champion of that simple fact. Energy security, the reduction of carbon dioxide emissions, world leadership in nuclear non-proliferation, massive benefits to the taxpayer and my constituents, and the opportunity to earn billions of pounds for the UK are all there for the taking—let us get on with it.

4.58 pm

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): I am pleased to have this important debate under your watchful eye, Dr. McCrea, and I am sure that you will keep us in order throughout.

I congratulate my hon. Friend the Member for Copeland (Mr. Reed) on choosing this important subject, and on his obvious commitment to his constituents and his

[Mr. David Kidney]

constituency, which he has demonstrated in the debate. He has, once again, ably shown the breadth and depth of his knowledge of these difficult and important issues, and his constituents can truly be proud of him.

It is a challenging business meeting society's energy needs in a world of more than 6 billion people and with a UK population of more than 60 million. For the next half century at least, the population is predicted to grow, as is the demand for energy. Of course, it is part of the UK's strategy to tackle climate change that we should seek to become more energy-efficient. However, demand for energy will clearly remain strong for the foreseeable future.

The UK has been a pioneer in the field of civil nuclear energy production, and our aim is to maintain our position at the forefront of the worldwide nuclear energy renaissance that we are witnessing. In the UK and many other countries, interest has grown in recent years because of the twin challenges of energy security and climate change. Much of the UK's early work in this field took place in west Cumbria at the Sellafield nuclear site. The area in which Sellafield is located has a long and distinguished history of contributing to the development of nuclear energy. In May 1956, the first reactor was started at Calder Hall.

5 pm

Sitting suspended for Divisions in the House.

5.20 pm

On resuming—

Mr. Kidney: My hon. Friend said how Britain led the world on nuclear power and I agree that, in Calder Hall, we had the first large-scale electricity producing nuclear reactor not only in the UK, but in the world. The site was also the location for the Windscale advanced gas-cooled reactor, the forerunner of the designs that currently form the majority of this country's nuclear power generating capacity. Sellafield was also at the leading edge of nuclear fuel development and reprocessing, with a long and distinguished history of utilising state-of-the-art science and technologies.

We recognise that the redundant facilities on the site now form a substantial legacy of plant and equipment that will need to be decommissioned—that is, cleaned of all radioactive material and safely demolished. That work will last many decades and will secure work at the Sellafield site for many workers in my hon. Friend's constituency. As a Government, we are committed to the belief that the Sellafield site is home to our nuclear skills, our nuclear expertise and many of our key facilities. As such, the Nuclear Decommissioning Authority has nominated a site adjacent to Sellafield as one of three potential sites in west Cumbria to be considered for new nuclear build. The NDA has started the sale process for the land on the Sellafield site and has called for expressions of interest from parties that may wish to invest in new nuclear in this historic region known as the energy coast. During construction, each new station built in the area could bring as many as 9,000 additional jobs. Once operational, up to 1,000 skilled long-term jobs will be created. That could be worth about £2 billion to the surrounding region and wider economy.

Meeting future energy needs will be increasingly difficult, especially given our commitment to reducing the damaging effects of greenhouse gases associated with the use of fossil fuels. In that context, nuclear energy is enjoying something of a renaissance, but we must take full responsibility to ensure that, in taking advantage of all that nuclear energy has to offer, both in the UK and worldwide, the risks of proliferation of nuclear material for non-peaceful purposes remain low.

The first part of my hon. Friend's speech was about security of supply. The statistics on UK energy supply show the extent of the challenge. Nearly a quarter of our current electricity generating capacity—around 18 GW—could close over the next decade, as coal and oil generation become subject to increasingly stringent environmental standards and nuclear power stations reach the end of their scheduled lifetimes. Some of our existing coal-fired and oil-fired plants can be expected to close by 2016, because of the application of the large combustion plants directive. A further proposed EU directive on industrial emissions may well also have an impact on plant closures around 2020.

At the same time, our indigenous energy—oil and gas from the UK continental shelf—is in decline. New investment in gas pipelines from continental neighbours, plus the development of liquefied natural gas terminals, is encouraging, but it means that we will be increasingly dependent on external supplies of those fossil fuels. Major investment is also under way in gas storage, and significant new electricity generation capacity is already being delivered. The amount of renewable electricity generation has risen to 5 per cent. since 2001, and the UK is now the leading country in the world for offshore wind. Our supply of renewable energy from wind is still expanding rapidly, and that is a sensible development, given that the UK enjoys 40 per cent. of Europe's wind. However, the supply is intermittent and, in order to meet our energy needs and carbon emissions targets, we will need to decarbonise our electricity generation system more or less completely. We will need all the technologies at our disposal, including carbon capture and storage technology, and efficient gas storage.

We will need nuclear power to be able to play a full role, too, and we are taking steps to facilitate private sector investment. Nuclear has been a vital and low-carbon part of the UK's energy mix for the past five decades and that can continue in future. We have seen significant investment in the UK since "A White Paper on Nuclear Power" was published last year.

The second part of my hon. Friend's speech was about the impact on non-proliferation. Of course, many will argue that there is an increased threat of nuclear material falling into the wrong hands should we, or others around the world, increase our reliance on nuclear energy. However, it is not axiomatic that more nuclear power stations mean greater threats. A nuclear reactor per se is relatively straightforward to safeguard: nuclear material is in discrete items—the fuel elements—and the reactor core can be sealed while the reactor is operated and monitored remotely. Enrichment and reprocessing are the most proliferation-sensitive parts of the nuclear fuel cycle. However, an increased demand for enriched fuel can be met largely from expansion of existing facilities—one facility can serve numerous reactors—and there are precedents emerging for the transfer of enrichment technology under "black box"

conditions, such that the fundamental know-how remains with the originator. Some countries, such as the United Arab Emirates, that have announced plans to proceed with a new nuclear programme, have publicly stated their intention not to build fuel cycle facilities, but to rely on others.

Even where enrichment plants are built, they will be subject to safeguards—measures to account for and verify stocks of nuclear material. The UK actively supports the IAEA in its work to develop safeguarding techniques and to train inspectors in a dedicated safeguards support programme. The UK is a key player in the global debate on multinational approaches to the nuclear fuel cycle. A number of potential ways to provide assurance of nuclear fuel supplies in the event of interruption due to non-commercial or political reasons have emerged from the international discussions.

5.27 pm

Sitting suspended for a Division in the House.

5.34 pm

On resuming—

Mr. Kidney: On managing the risk of proliferation, plans for various fuel banks—for example, those supported by the US, Russia, the EU and others—are well advanced, and the details of the UK's nuclear fuel assurance to underpin existing enrichment contracts are also nearly final. With all those proposals, the purpose is to provide the confidence needed by new nuclear states not to seek to develop their own facilities. That will encourage the uptake in nuclear energy, because by avoiding expensive and unnecessary facilities, the cost will be less, and it will reduce proliferation risks.

I note that no potential new nuclear states have shown a desire to pursue reprocessing. They recognise that to do so would mean creating large, expensive, identifiable and commercially unnecessary facilities. For our own part, the Government have concluded that any new nuclear power stations that might be built in the UK should proceed on the basis that spent fuel will not be reprocessed and that plans for, and financing of, waste management should proceed on that basis. For existing reprocessing facilities, the policy is that the thermal oxide reprocessing plant will continue to operate until existing contracts have been completed or the plant is no longer economic. No firm proposals for new contracts have been received. If we receive any such proposals, their merits will be considered at that time.

What we do with existing stocks of plutonium is extremely topical, and certainly emotive. The Nuclear Decommissioning Authority has been working on options for plutonium since 2005. It recently considered management options, published a plutonium options paper for comment in August last year, and finally published its options paper in January this year. The Government are now ready to take forward the process and to determine a long-term strategy for UK plutonium. We are considering the basis for public consultation on long-term plutonium management, and we hope to launch it later this year.

Clearly, another view that might be considered as an appropriate long-term solution for dealing with the plutonium stockpile is to ensure that it is manufactured into mixed oxide fuel, which would require a new MOX plant, and thereby consumed in nuclear reactors. The other main option, other than indefinite storage, is to treat the material as waste. That would mean immobilising the plutonium before its eventual disposal. Again, the issues are challenging as likely immobilisation techniques have yet to be demonstrated outside the laboratory. I heard my hon. Friend's choice of those options, and his views will be received, welcomed and considered, along with our consideration of other options.

The Government launched the national nuclear laboratory on 23 July 2008. Its vision is for a successful centre of excellence serving primarily the needs of legacy nuclear waste clean-up. The laboratory will, of course, also play a key role as a world-class provider of science-based technology solutions and research services.

Managing increased levels of radioactive waste is a key area for discussion as we advance with the development of plans for new nuclear reactors. The interest expressed in a potential geological disposal facility by Copeland and Allerdale borough councils and Cumbria county council is encouraging, and demonstrates further that region's commitment to the UK's energy programme. The geological disposal facility is a potential multi-billion pound high-technology project that would provide skilled employment for decades.

This debate emphasises the need to take decisions that will be durable for decades. It will be about seven years from the moment a decision is taken before a new nuclear reactor can contribute to the country's electricity supply, and it will be longer for countries without the appropriate physical infrastructure or regulatory or administrative frameworks for nuclear generating plant, but those reactors are likely to be producing power in 50 years. As I have outlined, we have the structures and procedures in place, internationally and nationally, to ensure that proliferation risks remain low. We will continue to develop those, working through all the means available, to ensure that that remains the case.

The next review conference of the non-proliferation treaty in May 2010 will be particularly important as a time to take stock of global intentions on peaceful uses of nuclear energy, and to help to refresh our global approach to non-proliferation. Nuclear energy has an important future, but we will remain vigilant to ensure that it remains in safe hands.

Dr. William McCrea (in the Chair): I thank the hon. Gentleman and the Minister for their thoughtful help in managing this debate, and for their stamina in going backwards and forwards in the Divisions.

Question put and agreed to.

5.39 pm

Sitting adjourned.

Westminster Hall

Thursday 2 July 2009

[Mr. Eric Illsley *in the Chair*]

European Commission Annual Policy Strategy

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Watts.)*

2.30 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Chris Bryant): It is a pleasure to sit under your chairmanship, Mr. Illsley, and to make some introductory remarks on the European Commission's annual policy strategy for 2010. Many hon. Members—well, not all that many, as we seem to be a diminishing band; we few, we happy few—have an opportunity this afternoon to consider the document. It has been to the European Scrutiny Committee, which produced a short report on it. The Committee did not feel that it was necessary to produce a longer one, largely for the obvious reason that the Commission's paper is in some sense an interim one. It does not advance any new strategies, for the simple reason that there will be a new Commission later in the year.

Mr. Brooks Newmark (Braintree) (Con) *rose—*

Chris Bryant: Already I have sparked the hon. Gentleman to rise to his feet.

Mr. Newmark: I was just curious to ask the Minister, given that we are talking about reports both long and short, whether he has yet had the opportunity to read the Lisbon treaty in full.

Chris Bryant: The hon. Gentleman should do his research before he asks such questions. Yes, I have read the Lisbon treaty in full. In fact, I have read it in full several times.

Mr. Newmark: As long as it is on the record.

Chris Bryant: It has been on the record before. I do not know whether the hon. Gentleman has read the Lisbon treaty.

Mr. Newmark: Back to front.

Chris Bryant: Yes, that is pretty much a statement of Tory policy.

The main thing that I can do this afternoon is to respond to any specific questions or concerns that hon. Members might have, so I will outline what we believe are some of the most important things that the European Commission and European Union will need to consider over the coming years. The most important, as I think all hon. Members would agree, is the economic situation faced by all countries in Europe. I know from my constituency that the things that people are concerned about are whether they will have jobs, homes and financial security for the future, rather than institutional matters facing the EU.

We believe, therefore, that the Commission's first priority must be economic stimulus and ensuring that the European recovery plan, which has already been put in place, is effective and carried through, and that there are appropriate financial sector regulation and supervisions so that the kind of problem that we have seen across Europe in the past 18 months cannot happen again.

Mr. Graham Stuart (Beverley and Holderness) (Con): Will the Minister clarify something for me? There seems to be some confusion. The Government said that they did not wish Europe to take any more powers of regulation over the City of London, and that they would resist that. Then, seeming to have allowed Europe to take further powers, they came back and argued that it was necessary for the common good. Which of those two is the Government's position?

Chris Bryant: It is good to see the hon. Gentleman in his place this afternoon; it is always good to see him in his place. We have always argued that it is important to have the right level of regulation across Europe, so that people with deposits in banks in one country where the host country is different have exactly the same protection as anyone else. However, we have also said that whatever arbitration system is used should not be able to impinge on the necessary fiscal powers of the individual country. Incidentally, I think that the results of the European Council show that our position has been confirmed strongly. Another matter will arise later in the year in relation to hedge funds, and we want to ensure that we get the right proposals.

There is another issue, of course. The European Commission needs to be able to act swiftly on state aid issues when problems arise. That is another important part of the stimulus needed during the process ahead. Of course, the Lisbon strategy, which will soon be 10 years old and which we believe is an important part of ensuring that Britons have an opportunity for prosperity and enhanced future prosperity by sharing in an ever-widening market across Europe, will have to be renewed and reconsidered by the new Commission.

The second priority is strengthening the single market. In particular, we believe that it is vital that we do everything that we can to enhance the competitiveness of European economies. We all know the strength of growing economies in India, China and, for that matter, Latin America. The more that we can do to ensure that Europe adds value and has economies that work together to enhance value, the more likely we are to be able to enhance our competitiveness as well.

Mr. Mark Francois (Rayleigh) (Con): The Minister stresses the importance of competitiveness. We agree. The UK maintaining its opt-out from the working time directive is a key part of that. Will he explain to the House why, in the run-up to last Christmas and the crunch vote in the European Parliament, the majority of Labour MEPs, including the MEP who is now the Labour leader in the European Parliament, voted to abolish the UK opt-out against this country's interests?

Chris Bryant: It is obviously for individual MEPs to make their own arguments. We believe strongly in the opt-out. We are convinced that we have argued the right case, and that we have argued successfully. The hon. Gentleman is right that competitiveness is vital for Europe, but that plays in many different ways. For instance, Europe has been able to compete more effectively around the world because it took a united position on mobile telephony. Europe enforced standards many years before the United States of America and consequently had a much more vibrant mobile telephone industry. I sometimes think that those who adopt a fundamentalist ideological position against European integration and the single market actually do down further competitiveness.

Mr. Graham Stuart *rose—*

Mr. Francois *rose—*

Chris Bryant: I will give way to the hon. Member for Beverley and Holderness (Mr. Stuart), who rose before his hon. Friend.

Mr. Stuart: No one on the Conservative Benches will be guilty today of any fundamentalist argument against common-sense agreements by nation states. However, the Minister mentioned that Labour MEPs were free to oppose Government policy as they saw fit. If that is a habit of theirs, is he therefore relieved that so few were returned at the European elections, and that at 16 per cent. of the vote, the public shared his doubts about the efficacy of returning Labour MEPs to the European Parliament?

Chris Bryant: Oh, tush, tush. The hon. Gentleman is trying to make partisan points, when—

Mr. Stuart: Sixteen per cent.

Chris Bryant: The facts of the elections are well-known. I was in Wales and was disappointed that Lisa Stevens was not elected. I know her well; she campaigns very hard and would have made an excellent MEP. However, she is not mentioned in the European Commission's paper, which we are debating. If the hon. Gentleman does not mind, I will leave the matter of the election for another day.

The hon. Gentleman said something interesting. He said that he thinks that agreements among member states should be made only on the basis of common sense. That was precisely the difficulty with mobile telephony. Each member state wanted its own standards. If that had occurred, as happened in the United States of America, where each state and each company wanted a different set of standards, one would not be able to text from a mobile phone in one country to a mobile phone in another. It is precisely because the EU took a position that we were able to address the matter.

Similarly, changes were made to roaming charges this week. That would not have happened just because of the market, or because of individual member states having a go at each other.

Mr. Stuart: Will the Minister give way?

Jo Swinson (East Dunbartonshire) (LD): Will the Minister give way?

Chris Bryant: The hon. Lady is far more appealing.

Jo Swinson: I am delighted by the Minister's compliment. Does he agree that it is ridiculous that Vodafone is running a major advertising campaign saying that it has abolished all roaming charges this summer, when actually it is not to the companies' credit at all, as they could have done so ages ago? It is one of the achievements of the European Union.

Chris Bryant: Absolutely. It is always good to have converts. We rejoice when—I have forgotten the biblical quotation, so many years ago is it. When one sinner repenteth, we rejoice.

Mr. Francois: Will the Minister give way?

Chris Bryant: I am sorry, I had forgotten about the hon. Gentleman. He had slipped my mind.

Mr. Francois: I am grateful for the opportunity to remind the Minister. He is right that the paper talks about competitiveness. I want to pick him up on the point that he made about the working time directive. He said that MEPs often have their own views. The rebellion I mentioned appeared to have been led by Labour's Chief Whip in the European Parliament. When the new European Parliament forms on 14 July, can we expect Labour's new Chief Whip to lead rebellions regularly against Government policy? We would just like a steer.

Chris Bryant: The hon. Gentleman will doubtless make his case later, if he can catch your eye, Mr. Illsley—as I feel confident he will, given the hordes that are with us this afternoon.

Mr. Graham Stuart: The Labour hordes.

Chris Bryant: There are not hordes of Conservative Members either, to be honest. It is clear that Labour Members are happy with Government policy and the European Commission, so they do not feel the need to have a go at it.

I am sure that the hon. Member for Rayleigh (Mr. Francois) will raise how opt-outs operate and the working time directive in his speech. I look forward to answering his points later.

On party political groupings in the European Parliament and how they operate, several Conservative MEPs have been deeply critical of the leader of the Conservative party. I think it was a Conservative MEP who described the people his party has signed up with in the European Parliament as a group of fascists and ne'er-do-wells. Once upon a time, I almost swore I would never use the phrase, "We don't need any lectures from the people opposite". I am now forswearing my swearing.

Mr. Tobias Ellwood (Bournemouth, East) (Con) *rose—*

Mr. Francois *rose—*

Chris Bryant: I am afraid the hon. Gentleman's hon. Friend beat him to it.

Mr. Ellwood: I give way to my hon. Friend.

Chris Bryant: The hon. Member for Bournemouth, East does not have the power to do that.

Mr. Francois: The Minister used the phrase "fascists and ne'er-do-wells". Which MEP said that?

Chris Bryant: I will come back to the hon. Gentleman on that. I told him which MEP it was in the last debate we had.

Mr. Francois: The Minister should be able to remember then.

Chris Bryant: I assure the hon. Gentleman that I will remember in the fullness of time, and certainly by the end of this debate.

Mr. Ellwood *rose—*

Mr. Francois *rose—*

Chris Bryant: I will not give way to the hon. Member for Rayleigh again. I will give way to the hon. Member for Bournemouth, East, and he does not have the power to give way to his hon. Friend.

Mr. Ellwood: On the numbers present in the Chamber, Labour Back Benchers are outnumbered by the Doorkeepers. That shows the level of interest in this important issue among Labour Members.

The Minister has made some interesting criticisms of the Conservative approach to the European Union, which hinge on our attitude to the Lisbon treaty. I wondered how long it would be until he mentioned the party groupings. Can he really stand there and say that he represents the views of the United Kingdom by denying Britain the chance for a referendum on such an important treaty?

Chris Bryant: That intervention zoomed all over the place.

Mr. Eric Illsley (in the Chair): Order. We are not going to turn this into a debate on the Lisbon treaty or its ratification.

Chris Bryant: Thank you, Mr. Illsley.

Mr. Francois: On a point of order, Mr. Illsley. I have learned in this game not to challenge the ruling of the Chairman. However, the annual policy strategy contains multiple references to Lisbon and what might happen if it comes into force. We understand your ruling that we do not want this to be a debate completely about the ratification of the Lisbon treaty. Equally, there may be some references to it because it is referred to on several occasions in the core document.

Mr. Eric Illsley (in the Chair): The hon. Gentleman has answered his own point of order and has made my point. Of course there are references to the Lisbon treaty. I simply do not want this to turn into a debate completely about the Lisbon treaty. Hon. Members will have to refer to it, but not at the expense of everything else.

Mr. Francois: That is very fair, Mr. Illsley.

Chris Bryant: I am glad that you have the hon. Gentleman's approval for the fairness of your ruling, Mr. Illsley.

I would be happy to debate the Lisbon treaty all afternoon. However, I was trying to lay out the Government's priorities for the Commission. I do not think that voters in this country, ordinary members of the public or people across Europe want the European Commission to be obsessed with institutional change for the next five years. They are far more interested in things that can deliver change in their own lives. One example of that, which I have already referred to, is mobile telephony and the abolition of roaming charges. One would never reach a resolution on such issues by adopting only a market-driven solution or through a policy driven by what individual states can negotiate one with another.

Another classic example that will be of vital significance to European competitiveness is the liberalisation of energy policy. It would not be possible to achieve that if it depended on a unanimous vote of every European country.

Mr. Ellwood *rose—*

Chris Bryant: Of course I am happy to give way to the hon. Gentleman.

Mr. Ellwood: The Minister looks at the clock as if to say that we are running out of time. With the absence of speakers on his side, we will have plenty of time to debate these issues.

My question is straightforward. Is the Minister saying that without the Lisbon treaty and further integration, agreements such as those on telephony could not have been achieved? Such agreements have been achieved without those things. He referred to the United States and said it was important that the various states are able to work together. That is our point on the Conservative Benches. We are not the united states of Europe. Every state in the United States pledges allegiance to one President and one flag. They have united rules and laws that bind them together. We are not at that stage yet. Conservative Members are trying hard to prevent this country from wandering down that road.

Chris Bryant: My point was that the regulation of key industries in the United States tends to depend on two ideas, one of which is that the market will provide, rather than any state-driven solution. That sometimes fails, as shown by the classic example of mobile telephony. The state refused to act on that in the United States, meaning that American mobile phone companies could not sell their products across the whole of the United States because people would not be able to speak from mobile phone to mobile phone. Similarly, they could not talk to other parts of the world because the state was not prepared to take on the enforced standards taken through in the European Union. That is one half of the argument.

[Chris Bryant]

The other half of the argument is that although change has been achieved, the changes in mobile telephony were achieved when there was a much smaller European Union with fewer members. Such changes would be more difficult to achieve today were it not for the institutional changes. The liberalisation of energy policy will be difficult to achieve without moving towards full ratification and implementation of the Lisbon treaty. If there are problems in the two remaining states and it is not fully ratified, we will have to make do with the Nice treaty and find ways to make it work.

Mr. Graham Stuart: The Minister has slightly anticipated my question. People who support the Lisbon treaty say that it is necessary for the enlarged European Union to be able to work together, but is it not true that it has been working effectively without the Lisbon changes? The scare stories put out by those in favour of the Lisbon treaty have been proved incorrect by events.

Chris Bryant: That may be the best confession I have ever heard from a Conservative about European policy. The hon. Gentleman has just confessed that the European Union is working effectively. I thought that his party's argument was that Europe does not work effectively and that we should be rolling back the tide by undoing some of the institutional changes of the last 15 or 20 years and somehow repatriating powers to the member states. One difficulty with that route is that it would lead to a less competitive European Union with a wider divergence of regulation in key industries that are vital to the UK, including financial services, energy and other industries. On top of that, he must face the fact that if he wants another bout of institutional reform, he will have to get 26 member states to agree with him. That will be difficult to achieve.

Mr. Stuart: I am grateful to the Minister for giving way again; he has been most generous.

When I said that the European Union was working effectively, I meant that it was able to do so on its own terms without the Lisbon changes. That completely demonstrates that we do not need the Lisbon treaty. We should now have a mature debate about the powers that have been assumed by the European Union that could better be exercised by nation states. Conservative Members are committed to this country's engagement with and continued membership of the European Union, but we want to see it work, and we want it to work as close to the people as possible.

Chris Bryant: It is all very well to say that one wants a mature debate about which powers should be returned to member states, but in order to return them and say that the European Union should no longer have any powers in particular areas, there would have to be treaty renegotiation. I understand that treaty renegotiation is the declared aim of the Conservative party, but for that to be achieved one would have to engage with all 26 other member states and gain their agreement about going down that route. I do not know of a single other Government in Europe, or for that matter, a single other party in Europe with the prospect of gaining power, who advocate that.

There is always a mature debate to be had about which powers should be where. A classic example is the debate about whether television licence fees should be considered to be state aid, as Sky once argued. It said that fee money should not be invested in BBC News online or BBC News 24, because they were in competition with Sky News. Should public service broadcasting be considered purely on a member state level? I think I know the answer to that, and the settled answer is that it should be for member states to take such decisions. That is why there has been a special provision on state aid for a long time, which makes an allowance for services of general economic interest. That is also why we had to have a special protocol on broadcasting at Amsterdam.

The hon. Member for Beverley and Holderness is right that there will be constant debate about which issues should be resolved where, but I think we would function better if the treaty of Lisbon were ratified. If it is not ratified by everyone, we will have to live with the treaties as they are. We would then have to consider various aspects and how we could make them work to the best advantage of all member states.

I was looking at the clock earlier only because I am aware that a 50-minute speech by Chris Bryant is not necessarily better than a five-minute speech by Chris Bryant.

Mr. Francois: Correct.

Chris Bryant: Having united the Chamber, I shall move on to the other key issues that we are keen that the Commission should take forward, although others might disagree.

The first issue is about having a strong, global EU voice. We have seen from what has happened in the past few days in relation to Iran how important it is, when an individual member state has an issue with a country such as Iran, for the whole European Union to act in concert and in union. Of course, it is right that anything that approximates foreign policy should be based on unanimity, but as the world moves forward, it will become increasingly more important to do that. As the European Union has grown, it has become more significant when the whole EU speaks as one, because there is such diversity of political opinion and political outlook.

Mr. Ellwood: The Minister is new to his portfolio, but he will be well versed on the debates that took place about what to do about Bosnia and the Balkans and about the potential invasion of Iraq in the lead-up to March 2003. Those issues divided Europe hugely. A more fundamental worry is that there is discord between what NATO does and what the EU does, simply because there is Cyprus inside the EU on one side and Turkey in NATO on the other side, refusing to engage. There is no formal relationship between those two massive organisations.

The Minister talks about seeking a more unified approach to Iran, but does he see the limitation in trying to get people around the table to agree on very difficult issues? There is a danger that we will never get an agreement that matches up for all 27 nation states.

Chris Bryant: At the weekend, we came to a very united position on the situation in Iran. In fact, in the past few years, the European Union has played a very

important part in making sure that Iran does not think the issue is just about what Britain thinks or what the United States of America thinks.

We must also consider matters that might not seem so significant to us. In Honduras, at the weekend, when there was a coup, it was perhaps more immediately important to countries such as Spain that the EU took a single view. The fact that we do so means that we are able to play a much more important card.

There will be times when we do not agree.

Mr. Ellwood: Georgia.

Chris Bryant: Indeed. There are times when we do not agree, and when there are tensions in trying to achieve a joint position, but that would be true if the EU did not exist at all and we were still trying to build alliances without it. When we share a common position, it has added strength. A classic example relates to Russia and energy security, which is a vital issue for many EU countries. We get only 2 per cent. of our gas from Russia, but 47 per cent. of Europe's gas comes from Russia, so having a strong, reliable and integrated relationship across the European Union with Russia can only be to our benefit.

We would like the EU to play a slightly different and enhanced role in relation to Pakistan, Afghanistan and Iraq in particular. We have seen that to some degree in the past year, but because Governments across Europe change their complexion on a fairly regular basis, sometimes there is not perfect continuity of political view.

Climate change is another matter in which it is vital that the EU takes a significant role, and we hope that there will be a good outcome from the talks in December. I do not think anyone in the House disagrees about that. Just as we know that the acid rain created by the industries of one country does not necessarily land neatly on the mountain-tops of that country but can spread across the whole EU, we know too that we must do all we can to come up with a positive outcome in Copenhagen. Europe has taken a significant lead on such issues, and we hope that the European Commission will also take a lead.

It is vital that the Commission should lead not only in the delivery of programmes of skills for the future, but also in trying to ensure that the Europe we build for the future is not simply trying to compete in the bargain basement. Instead, we should try to build on Europe's strengths that add value around the world.

Finally, it is a priority and a necessity for the Government to enhance security. There are many threats to people's security, such as international terrorism, antisocial behaviour and everything in between. Obviously, some key elements of those issues can be solved only at local level, let alone at national level. However, greater co-operation has been in our interests in other areas, such as terrorism. As we approach the anniversary of the 7 July bombings, we are painfully aware that the European arrest warrant was significant in helping us to bring to justice the perpetrators of those events. I say to those who tend to adopt a rather ideological position about such issues that that sometimes gets in the way of pragmatic common sense.

Mr. Graham Stuart: I apologise for taking the Minister back to an earlier point, but I have been scrabbling around to get the exact name of the directive I had in mind—it is the energy performance of buildings directive. Will the Minister explain the Government's stance on that directive? In case he is entirely blank, I shall give him a steer: I believe that it is opposed by some countries because they believe it would be too costly, although one hopes they would see it as in their long-term interest to reduce energy usage in buildings, whereas the UK Government oppose it on the ground of subsidiarity. Will he explain the Government's view on that directive, which appears to be a plank in tackling climate change?

Chris Bryant: I hope the hon. Gentleman will forgive me, but I am only just developing my understanding of that particular directive. I very much hope that my understanding will develop at a swift enough pace for me to respond to him, if not by the end of this page, at least by the end of the debate.

I was just about to conclude on the question of enhancing security around Europe. We are aware that there are, of course, fragile states around the world where the European Union—the European Commission—has begun to take an enhanced role. We welcome that and believe it is something we need to do more of in the future. If climate change kicks in as many scientists predict, illegal migration is likely to be a more significant problem in the future. Again, we can work on a shared co-operative basis across the European Union on that.

Finally, on organised crime, there are significant areas where we should be able to co-operate to give greater protection to the peoples of Europe. I very much look forward to listening to the many contributions of all hon. Members and to responding to them at the end of the debate.

3 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): It is a great pleasure to take part in the debate and to follow the Minister. I do not plan to say a great deal, but I shall start by picking up on one point he mentioned. He talked about mobile phones and the fact that the nation states sought to have their own rules and did not wish to have shared rules across the European Union, which was therefore able to use its powers to enforce its will. He may be new to his post, but I would have hoped that the Minister had a better understanding of how the European Union worked. It takes the involvement and support of member states and the Council of Ministers before any such policy can be implemented. So, it is a falsehood to suggest that the European Union brought in common rules in the face, or the teeth, of the states' opposition.

The truth is that the nation states came together in a common-sense way for common purposes in exactly the manner that I talked about in my intervention, so that they could agree to pool sovereignty and agree common standards. By doing so, they have, indeed, allowed the benefits to flow, which the Minister rightly highlighted. I hope that those benefits will continue to flow, with a reduction in roaming costs. When you go abroad, Mr. Illsley—as I know you do when following assiduously your work for your constituency and Parliament—I am sure that you have found that the costs of keeping up with your constituency casework are outrageous and excessive.

[Mr. Graham Stuart]

The Minister suggested, as Government spokesmen like to, that the Conservative party was somehow out of step with the general views of people across Europe. I was surprised that he did not mention the democratic deficit and the lack of legitimacy with which the new European Parliament will start its work, which has been caused by the very low turnout of 43 per cent. I believe that Labour Members of the European Parliament received—I do not want to get the numbers wrong—just 16 per cent. of the vote, which was the lowest score in a national election by any governing party at any level at any election ever. In fact, I believe that it is the lowest figure for the Labour party since 1918.

Mr. Ellwood: Does my hon. Friend agree that although Labour Members of the European Parliament received only 15 or 16 per cent. of the vote, which is extremely low, that is about 15 or 16 per cent. higher than the percentage of Labour Back Benchers who are participating in the debate?

Mr. Stuart: Perhaps it is not just that the British people have fallen out of love with Europe and the Labour party, but that the Labour party itself has fallen out of love with the whole issue. That would explain why the only Labour Member here today is the one who is forced to be by the rules of the House. Perhaps if the Minister were not forced to be here, he would be absent, too.

Mr. Ellwood: He would be in Norwich, North.

Mr. Stuart: He would be in Norwich, North desperately trying to hold on to a seat there. My hon. Friend, of course, makes a good point.

Another issue that I had hoped the Minister would pick up on from the European Commission strategy is how the Lisbon treaty has been treated, particularly the way in which the Irish people have been treated. In what way can it be right to ask the Irish people, who have given a clear and definitive no to the Lisbon treaty, to vote again on precisely the same wording that they voted on last time? Why are the Euro-elite, of whom the Minister makes such a natural member, always able to ignore the views of ordinary people and impose their views of what is right at a European level on the people concerned? It is a pity that the Minister did not touch on that in his remarks, but I assume that he will be speaking again—no one else is here to sum up because there is so little interest from Labour Members. I assume that the Minister will have the opportunity to come back, and perhaps he will speak on that subject—*[Interruption.]* The Minister said something from a sedentary position.

Chris Bryant: Only with the leave of the House.

Mr. Stuart: With the leave of the House, I certainly hope that the Minister will be able to respond.

Lisbon and the treatment of the Irish is something that we need to hear about. It would also have been interesting to hear the Minister's view on the prospects for Turkish entry to the EU, which is, of course, mentioned in the strategies. In so far as this Administration have changed from the previous Prime Minister's Administration, I would like to know whether they have a different view from the one led by Tony Blair. Do the Government remain committed to Turkish membership in due course and is the Minister doing everything possible to make that happen? Will he report back to us on what progress he is making on winning support in other countries and among other parties on that?

I said that I would keep my musings short so, finally, I ask the Minister to respect the democratic right of parties within the European Parliament to group together as they see fit. I would like to put it on the record that I am absolutely delighted that the Conservative party has ceased to be a member of the Euro-federalist European People's party grouping and that it has set up a new grouping in the European Parliament. That has happened thanks to the excellent work of many, in particular the leading work of my hon. Friend the Member for Rayleigh (Mr. Francois). That grouping is one of moderate centre right parties, which will work to create a European Union that is more responsive to the people.

Notwithstanding the anger at that Conservative initiative felt by those who are either left behind in the EPP or have always been in the socialist or liberal blocs in the European Parliament, the new group will, in fact, give a lead to listening to and working more closely with the people. It will also aim to reduce the democratic deficit under which the European Union currently labours. The new grouping is more likely to ensure the long-term success and, indeed, unity of the European Union going forward. We need to listen to people's voices—whether they are the voices of those who voted for the UK Independence party or, indeed, of those who voted for the more extreme parties at the recent European elections. Such people feel disaffected with how politics works and responds to their needs. The new grouping in the European Parliament, of which Conservatives are proud members, will help produce greater legitimacy for the European Union going forward.

As a parting shot, I shall just mention that I am proud that my party is part of a grouping that includes those who were involved in Solidarity and that we are fighting totalitarianism. If the Minister is happy to be a member of a grouping that contains the ex-communists—the oppressors—and he is happy to be associated with them and their fellow travellers, he is entirely wrong to take such a view. Our grouping is the one that offers hope and a positive future—not only for the people of Britain but for the European Union.

3.9 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to work under your tutelage, Mr. Illsley—I think it is the first time that I have had that honour—and it is a delight to participate in this important debate. However, I am sad to observe that so few hon. Members have made it into the Chamber. In fact, there is such a small number of hon. Members here that, if we had wanted to save the taxpayer some money, we could have conducted the debate inside the back of a taxi.

I am pleased to speak in a debate on the European Commission's annual policy strategy, which was published on 18 February. As the Minister said, it is rather a lean document. That raises the question whether the European

Commission and, indeed, the European Union will sit on their hands until the new Commission is in place and they see what happens with the Lisbon treaty.

I begged to catch your eye, Mr. Illsley, because I was curious as to whether the Minister would comment on what Germany decided to do yesterday about the Lisbon treaty. Although Germany has approved it from a court perspective, there has been a delay, which may be indefinite, in the treaty's ratification. Conveniently, the Minister did not touch on that.

Chris Bryant: The hon. Gentleman may have noticed that the hon. Member for Rayleigh (Mr. Francois) did not ask me about that directly at Foreign and Commonwealth Office questions, although he did ask me about it by means of a rather deft body swerve. I deftly body-swerved back to suggest that it is for German law to decide precisely how the issue is taken forward. Angela Merkel has already said that the Bundestag will meet in the summer to do whatever is necessary to change the law so that everything can be ratified.

Mr. Ellwood: I think that I am right in saying that Germany is another country whose people have been denied the opportunity to vote on the treaty directly.

Chris Bryant: It is a bit odd for British people to accuse Germany of not holding a referendum. After the second world war, it was Britain that insisted that Germany should not be allowed to hold plebiscites or referendums because of the experience of the 1930s, and that is written into Germany's constitution.

Mr. Ellwood: I am glad that the Minister has corrected me, but he will also be aware that it was written into the Japanese and German constitutions that those countries could not send armed forces abroad. Those aspects of their constitutions have now been changed because they are out of date. Is it not now wrong that the Germans do not have an opportunity to vote on something so important? Surely, we as Europeans have now been so merged and amalgamated that we should not be leaning on rules that we imposed more than half a century ago. We should have faith in the Germans' system, and they should be allowed to have referendums.

Mr. Graham Stuart: Is my hon. Friend as appalled as I am not only that a Minister of the Crown should oppose giving people in this country a say but that he wants to extend that even to Germany, which he obviously does not consider to be a mature enough democracy to handle a referendum?

Mr. Ellwood: My hon. Friend makes a powerful point. I almost want to invite the Minister to say how many other countries he would prefer to see denied a referendum. I suspect that the list would include Ireland, although given that people there have already had one pop at it, and he did not like the result, he may encourage them to have another one.

Chris Bryant: I am actually the person in the debate who is in favour of each member state deciding for itself how to progress these issues. It is a statutory requirement in Germany that the country cannot have a referendum unless it changes its constitution, which would have to be done, as I understand it, through two separately elected mandates. In Ireland, it is a requirement that they should have a referendum—[Hon. Members: "They did."] Indeed, but it is not for me to tell each individual country in Europe how to proceed. [Hon. Members: "You are."] Hon. Gentlemen should keep calm. They do not have to shout at me after every sentence—they can reserve it just for occasional paragraphs.

Mr. Ellwood: Such is the passion that the issue raises. The Minister underlines the gulf between the two sides of the House. It is not just the state that is important—the people need to be allowed to have a referendum. I reiterate that Ireland has had its referendum and made a decision. What does it say for democracy when Brussels decides, "We don't particularly like that answer. Let's invite them to have another referendum"?

The document focuses on how we progress with the Lisbon treaty intact and under the new Commission. Even though it is a lean document of only 11 pages, I was hoping that the Minister might take this opportunity to provide a written reply saying what Britain's part would be. However, no written document has been put forward, and we have only the Minister's words today. I would therefore like—I am sure that time will permit me—to put some questions to him.

The document is broken down into various headings, the first of which is "Economic and Social Recovery". In the light of the financial crisis and the ongoing recession, it is of course right that much of the focus is on the economic outlook. However, I would like the Minister to update us on what is happening as regards the European economic recovery plan and meeting the commitments under the Lisbon strategy for growth and jobs and the stability and growth pact, which are the central strands in this regard. A 9 per cent. increase in appropriations is earmarked for competitiveness for growth and employment compared with 2009. Will the Minister spell out where that 9 per cent. increase will actually go?

There are also changes in the regulation of the financial services industry. How do the changes that we are trying to push forward in the UK match those that are being introduced in individual states in Europe and in the EU as a whole?

Page 9 of the report outlines some of the spending programmes. The seventh framework programme for research and technological development will see an €803 million increase, and the lifelong learning programme will see an increase of €39 million. Again, it would have been beneficial if the Minister could have spelled out a little more how that money will be spent.

Also tucked away in the document is a reference to another €66 million, which will be spent on the Galileo satellite project. I invite the Minister, who is smiling already, to intervene to let us know how many birds—how many satellites—are actually in the sky as we speak.

Chris Bryant: How many birds are in the sky?

Mr. Ellwood: That shows how distant the Minister is from the language. Birds and satellites are interrelated words in the satellite industry. If the Minister gets on top of his brief, he will realise that just one test satellite out of 24 has been put up. The programme is costing an absolute fortune and is draining resources, yet there is already a workable system up there—the global positioning

[Mr. Ellwood]

system. As a result of the involvement of some our partners in the Galileo system, the Americans have made it clear that the first thing they will do in a global catastrophe is shoot the Galileo system—if it is actually operable—out of the sky. Why are we investing so much in a system that is draining resources and replicating something that works so efficiently? I invite the Minister to get to his feet to reply, although I doubt that he will, because he realises in his heart of hearts that Galileo, too, is a fundamental waste of money. I am sure that he will wait for the army of civil servants behind him to give him the line to take—*[Interruption.]* He has it already. How pleasant. We look forward to hearing it.

The document also mentions the European economic recovery plan. The Minister mentioned the importance of gas and electricity interconnection projects, offshore energy projects and so forth, but he did not mention carbon capture. That term is bandied around a lot in Westminster, but I have yet to see one carbon capture project work successfully. I am not saying that carbon capture does not work—I am asking where there is a project that will work, which we could copy or use to show that the technology is successful. Another €1,250 million is being invested in carbon capture, but we have been talking about it for an awfully long time, and we have seen no benefits from it.

Mr. Graham Stuart: In 2003, the Government said that there was an urgent need to bring forward carbon capture and storage projects. No map that I have seen of the transition to 2050 suggests that we could meet our carbon commitments without carbon capture and storage, even if it does prove simply to be an interim technology. None the less, we have seen nothing from the Government since 2003 except promises of projects that are not of a commercial scale, and even those projects are running behind schedule.

Mr. Ellwood: Again, my hon. Friend makes a powerful point. I am very much for the advancement of green energy, but this is one issue on which I remain slightly sceptical. I would like to see more evidence that carbon capture works, given the sums that are being put into it.

Of course, hon. Members on both sides of the House agree about climate change and a sustainable Europe, and this is one issue on which the EU really can do well by co-ordinating activity and making sure that resources are properly used. The key focus will be the climate change conference in Copenhagen in December. Will the Minister outline what Britain's initiatives are? What will he be taking to the table?

We are aware that there will be a revised EU emissions trading scheme, and that is much needed, considering that the first system clearly did not work efficiently. The Minister also touched on the importance of gas and electricity. One thing that could save a lot of money and provide some energy security is a common gas market. That would allow Britain and, indeed, other countries that are affected when Russia turns the taps on and off, to obtain a more stable supply. It is taking years to achieve that. Can the Minister update us on the creation of a common gas market?

The year 2010 will be an important one for the common fisheries policy, with the expected submission by the Commission of reform proposals, following the public consultation. I invite the Minister to clarify the changes that he will propose to ensure that Britain's fish stocks will be protected as we expect, and as they are not now.

One of the final chapters in the short report concerns Europe as a world partner. The Minister touched on our role as a European member and the way in which that integrates with some of our international obligations. I intervened on him to explain the differences of opinion, and how poorly the two huge organisations, the EU and NATO, integrate in their work. I think that the Minister would acknowledge that that is a problem. Red tape prevents us from working effectively.

The report pushes for individual countries to put forward 0.7 per cent. of gross domestic product for aid programmes by 2015. I should like the Minister to consider that some of that money, although it is dealt with from a humanitarian perspective, need not necessarily be spent by the likes of the Department for International Development or other countries' USAID equivalents. It could be spent by our armed forces. A problem in Iraq and Afghanistan has been the fact that people at the front line who need and could spend the funds, and who understand the situation at hand, are prevented from instigating humanitarian efforts because they must wait for another Department to turn up, although its representatives are not necessarily briefed on what is happening, and often fail to work in an insecure environment, and therefore cannot ensure that projects reach fruition.

We need a fundamental overhaul of the relationship between our ability to war-fight and our ability to peace-keep. I have said that in the Chamber in other debates. The European Union has a major role to play, should it wish to, in ensuring that there is better co-ordination in our stabilisation efforts. Any hon. Member who has visited Afghanistan and seen the EU effort there will have been appalled by the amount of money that is wasted because it goes through the organisations in question, with a top-down approach, and is not managed correctly. I will put my hand up to declare an interest as someone who has been in the armed forces, and I believe that they are best positioned to carry out the actions that allow us to provide stabilisation and introduce humanitarian aid, and, more importantly, get our troops and everyone home, having won hearts and minds and empowered the locals to get on with their lives.

We touched on the limitations of what the EU can do in foreign policy. I think that my hon. Friend the Member for Rayleigh (Mr. Francois) will expand a bit on the important question of why we think it would be wrong to introduce, under the Lisbon Treaty, a type of Foreign Minister. My view is that there is a threshold to collective agreements when it comes to such difficult decisions. The Minister mentioned Iran, and, yes, we have come out with a stern statement. What happens when things get a bit tougher than that? What would have happened if there had been a requirement to provide Georgia with more support than words? Would we have had agreement across the EU? I do not know; I certainly do not think so. More important, an EU Foreign Minister or President would be asked to make judgments on those issues. That is what I think is wrong, particularly when we already have NATO to make the judgments through the nation states.

I firmly support the Conservative view that we want an open and flexible Europe, the priorities of which should be to focus on the people of Europe and not the heads of state. We should focus on competitiveness, global poverty and global warming. The biggest example of why the EU fails to gain the respect that it should is the fact that for the 14th year it has failed to have its accounts signed off by the Court of Auditors. That is appalling. Any other organisation or agency would be put out of business.

Chris Bryant: I am pleased that the hon. Gentleman brought the matter up, because, although the issue is of course one of concern, one reason why it has been impossible to deal with it in the past is that a significant amount of the money spent by the European Union is spent in and by the member states. Because they refuse to agree—and the hon. Gentleman's party signs up to this—on a European system for auditing, it is impossible for the accounts to be signed off fully. That is one of our problems.

Mr. Ellwood: Taxpayers need to see that the money is well spent, and if the Minister can identify flaws in the system it must be improved, to give better accountability and so that we can see where the money is spent. More important is how it is spent: where it is pushed in. The costs of EU membership are heavier than they should be, and the way the money is spent could be improved. Improvements have been made; proposed new EU laws are now assessed for their impact on jobs and businesses, which did not happen before, but there is still too much red tape coming from Brussels, and too much interference in matters that should be decided by European nation states and not the EU. The working time directive was mentioned earlier, and its effect on our business and public services is potentially serious and damaging. That is why, if the Conservatives win the next election, we shall make it a priority to restore national control of social and employment legislation.

We need a Europe that works for the people, not the rulers. There are 27 nations, with a wonderful mix of culture, languages, peoples and heritage. Therefore, there will be a natural threshold for what such a large club can achieve without threatening people's way of life by imposing a bland blueprint or one-size-fits-all stamp that gives no significance or respect to individual nation states' way of life. Also very important is the distancing effect on the decision makers from those who elect them. I defy hon. Members to go back to their constituencies and find an average voter who can name every single MEP who got elected in the European elections. There is no proper relationship, no matter how hard MEPs work, because of the number of doorsteps that they need to cover.

The EU is growing into a bureaucratic nightmare, and we want to take back control of social and employment law, so that EU red tape no longer threatens our competitive labour market. I encourage the Minister to answer my questions if he can, and if he cannot, I invite him to write to me with the answers as soon as possible.

3.28 pm

Jo Swinson (East Dunbartonshire) (LD): I am very pleased to serve under your chairmanship once again, Mr. Illsley, with a small but select group of MPs.

The document that we are discussing is, like many—perhaps most—European strategy documents, more of a statement of priorities than a fully worked out strategy. Some mention has been made of its length. I welcome the fact that, at just 11 pages, it is admirably brief. Considering the size of some documents that we receive from Brussels, it is a step in the right direction. I am a great believer in the idea that documents, whether from the EU or this place, are often far too long, and that brevity and clarity of purpose are not valued enough. It is right that we should have the opportunity to debate the priorities, although it is also important to know the mechanism by which the UK position is communicated back, which presumably happens through the Council of Ministers. The mechanism for such responses is not always clear.

I welcomed your earlier ruling, Mr. Illsley, that the debate should not turn into one solely about ratification of the Lisbon treaty, because I have sat through various Europe debates that have felt a bit like groundhog day. I imagined that it would come up—quite rightly, as it is mentioned in the document and is obviously an important, unresolved issue for Europe. Whether it is resolved one way or the other will probably depend on the outcome of the second Irish referendum, which is due this autumn, as the other countries that have not yet ratified it have indicated that they are waiting on the second decision of the Irish people. The Irish may well say no. That would be a shame, but ultimately, although the Lisbon treaty is a good treaty, it is not earth-shattering. In such circumstances, we would have to use the structures as they are currently formed and try to make them work better.

Mr. Graham Stuart: I wonder what the hon. Lady's analysis is of the treaty. Does she think that it is fundamentally the same as the European constitution, as the author of the constitution seemed to suggest?

Jo Swinson: There are certainly huge similarities between the two, but, in its very nature, the Lisbon treaty is not a constitution. It is an amending treaty. It does not delete and rip up all the previous treaties, which a constitution would have done, so it is different from that point of view. Also, some concessions were negotiated by the UK Government. As such, the treaty does not represent a step change, which would require a referendum.

However, I do think that it is time for the people of Britain to have their say on Europe. People discuss it, but the last time we had a referendum on Europe was decades ago. It was before I was even born, let alone able to vote in it. Most people in the country have not had that opportunity, and I would welcome such a debate. A better question to ask, given what people are actually discussing when they talk about Britain's future in Europe, is whether we should be in Europe.

Mr. Stuart: It was mentioned in passing that the Labour party suffered its worst ever electoral result in the European elections. It was surprising, given the collapse of the ruling party's vote, that, as an Opposition party, the Liberal Democrats saw their vote fall. Does the hon. Lady fear that that was because the British people felt betrayed? A promise was made in the Liberal Democrat manifesto to support a referendum on the European constitution. The Lisbon treaty is practically

[Mr. Graham Stuart]

the same, but the Liberal Democrats have failed to honour their promise and have come up with this political fix of a debate on whether we should be in or out, for which no one is asking.

Jo Swinson: The hon. Gentleman will know, of course, that the Liberal Democrats actually gained an MEP—one that we previously would have lost—in the east midlands in the European elections. Obviously, we are pleased about that. Our vote did go down by about 1 per cent., but all the main parties saw their vote go down.

Mr. Stuart: Just a little fact for the record: the Conservative party saw its share of the vote increase.

Jo Swinson: The hon. Gentleman is obviously pleased to make that correction for the record. However, European elections are based on a proportional system.

Chris Bryant: I do not want to let the Conservatives get away with that comment without referring to the fact that in the previous elections—not the last ones but the ones before, when the right hon. Member for Richmond, Yorks (Mr. Hague) was leader of their party—they got 36 per cent. of the vote but then went on to a crashing defeat at the next general election.

Jo Swinson: The electoral statistics are all very interesting, but two points about European elections should be borne in mind. First, the voters know that they are voting under a proportional system, not first past the post, in which there is less chance of smaller parties getting elected. In fact, smaller parties such as the Greens, the UK Independence party and, sadly, the British National party, won seats. People understand the system, as we found out in Scotland, where there are now four different voting systems. People are savvy; they understand which system they are using and whether they should support the main parties. Secondly, it is clear that all the main parties suffered because of the current scandals at Westminster. Anyone who was out knocking on doors during the European election campaign will be aware of that.

Much as I am sure that a post-mortem of the European elections would be interesting to political anoraks like us, I shall return to the issues at stake. The Lisbon treaty will change the structures in Europe for the better. Of course, by the time the annual policy strategy is in place, if it goes ahead—there may be some changes, given that it is in draft form and would need to be reviewed by the incoming Commission—the treaty will also be in place, if it is ratified.

It is important that we turn away from the institutional navel-gazing that the EU has been obsessed with in past years, whether on the constitution or even on amending treaties to deal with the number of commissioners, qualified majority voting or co-decision. Frankly, such discussions turn people off Europe.

At a time when turnout for European elections is very low—that is a great concern—there is a case to be made for the good things that Europe manages to do. Roaming charges were mentioned. This summer, that will have an impact on the everyday lives of our constituents. It is important that the case for Europe is made, that discussion is held about policy issues, and that Europe gets away from institutional nonsense and simply thinking about its own structures the whole time, and gets on with delivering for the people of this country.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): I know that the hon. Lady is a big enthusiast of the Lisbon treaty, but will she tell me about one action that the European Union or any of its member states have been prevented from taking in response to the global financial crisis because we have not yet ratified it?

Jo Swinson: The hon. Gentleman slightly misrepresents my position. I think that the Lisbon treaty is a good treaty. It is good for Britain and good for the EU, in that it actually gives Britain a bigger say within the EU. I would like to think that that would mean that Europe would take better decisions, but it might be too charitable to the Government to assume that more say for the UK would always mean that.

However, I have never said that every aspect of the treaty is earth-shattering. Clearly, the EU has been able to take some action. However, in the case of competition legislation, the EU does not manage to enforce its own rules well enough, even under the current systems. The rules are interpreted differently by different countries in Europe, and that is a problem and a challenge with which Europe must deal.

I hope to focus my contribution on three parts of the strategy: economic and social recovery, climate change and a sustainable Europe, and Europe as a world partner. Clearly, as has been said, EU co-operation is needed to bring an end to the recession and to mitigate its effects on our constituents, who are currently concerned about whether they will lose their job, about indebtedness, and about the general economic outlook for the country. I welcome on page 3 of the document the intention for enhanced co-operation on

"projects to make for more investment in energy efficiency, low-carbon and renewable energy technologies, infrastructure projects and measures to combat climate change."

That is a key point. We need to tie together the strands of climate change and economic recovery, because a green route out of the recession is crucial. President Obama in the United States is certainly pursuing one. We will need to rebuild our economy, but our new economy will have to look a bit different from the one we have had. We need to rely less on fossil fuels and ensure that we cut our carbon, but, rather than seeing those things as dreadful costs to business, and a threat, we should see them as an opportunity for Britain to lead the way in new technologies and export them to other countries.

For example, Denmark has a huge lead in the use of wind turbines. One wonders why, given the renewable resources at the UK's disposal. I come from a part of the country that enjoys many weather events, including wind, and it is near the coast for marine energy. Why have we not managed to take more of a lead, and to reap the economic benefits of doing so? That is vital for tackling climate change, which I believe is the biggest threat that the global community faces, and for creating jobs. On the ground, in our constituencies, those are the things that people are concerned about.

Mr. Graham Stuart: Will the hon. Lady give way?

Jo Swinson: I will. We are not exactly short of time.

Mr. Stuart: I am extremely grateful. The hon. Lady is right to highlight the importance of tackling climate change. She has not mentioned the lamentable failure of this Government to produce much in the way of renewable energy, which is why I think that only Malta and Luxembourg have a lower percentage of renewable energy than we do.

How does the hon. Lady think that we can tackle the failure to invest in renewable energy and change our energy sources, yet work with people without having what I have in my constituency? The whole of Holderness is up in arms as wind farms are imposed from above despite the opposition of local people, councillors, parishes and businesses—of everybody locally. It feels as if there is no voice for local democracy. How does she think we can best balance those two priorities?

Jo Swinson: The hon. Gentleman raises an important point. In my constituency, there are currently many controversies, not about wind turbines, but about planning on a variety of issues. It is about a lack of democracy. It is frustrating when a whole community is united in a particular objective, and their rights and views seem to be trampled over. There is a balance to be had, because there is sometimes a "not in my backyard" attitude—although I am not accusing the hon. Gentleman's constituents of that—which could mean that we never have any renewable technologies anywhere.

We need more incentives for communities in the form of benefits that will accrue. The community can see a real benefit when the money and funds for renewable energy projects are put in place. There is, perhaps, even a profit-sharing basis for that. In Shetland, for example, fabulous projects have been put in place by the oil industry. Where there is a community benefit, that can help.

We should also recognise that onshore wind is not the only answer. Offshore wind, for example, is perhaps less likely to attract criticism, and many marine renewables are on the sea bed and do not seem to have the same impact on a landscape. Those things need to be developed, because as an island with huge potential—whether in respect of the Severn barrage proposals, in the Pentland firth or elsewhere offshore—we need to ensure that we are using the resources.

Technology transfer poses a challenge. Page 4 of the document says that

"both the copyright and the trademark systems should be modernised to make them responsive to the needs of business and consumers".

That is the sort of statement with which everybody agrees, but there is a real challenge in getting the correct balance. For example, we do not want patents on low-carbon technologies to become a barrier to transferring them to developing countries, where that technology is needed because their economies are growing. If we are effectively saying to those countries, "You can't develop on the same trajectory of carbon emissions that we did", it is only fair that we give them assistance to enable them to develop low-carbon economies. Equally, with that kind of technology transfer there can be a barrier to investment in new technologies. It is important that such vital measures are not prevented by technology transfer. It is difficult to get it right. The £60 billion fund to assist with technology transfer globally to developing countries, which was proposed by the Prime Minister in his recent speech, could help. A lot of environmental groups have suggested that that does not go far enough, but at least it is a step in the right direction.

The hon. Member for Bournemouth, East (Mr. Ellwood) mentioned carbon capture and storage. I agree that the Government have not made nearly enough progress on that vital issue, but I disagree with what he said about the feasibility of CCS. As a member of the Environmental Audit Committee, I can say that we have looked into CCS and come to the conclusion that, although there is currently no commercially viable project on the scale that would be necessary, each element of the technology has been tried and tested. It is about having the right incentives in place. If business gets a clear signal that new coal-fired power stations will not be allowed if it does not include CCS, the investment will come. The Government should have been bolder in that regard.

We can argue about whether we can achieve Britain's cuts in carbon emissions without CCS. Some would argue that nuclear could help to fill that gap, although I am not a fan of it. However, in respect of other countries, members of the EAC met Government officials in China and heard about the number of coal-fired power stations that they are building and will continue to build. It is clear that there is no way that we, as a planet, will achieve our objectives if we do not have CCS technology. It is important that that technology can be retrofitted to existing power stations, rather than just having technology that is pre rather than post.

We have suffered a financial crisis of confidence in the banking sector, with consumers throughout the country not being sure where to put their money and unsure what was going on as everything seemed to collapse. It is important that we consider the competition issues that have been raised by the nationalisation or recapitalisation of the banks and the merger of Lloyds and HBOS, which the Government have waived competition rules to allow. There is a great danger that we set ourselves up to repeat the mistakes from which we have already suffered. The enforcement of competition rules, which are mentioned on pages 3 and 4, is important in aiding recovery.

Lloyds now boasts on its website that it has more than 50 per cent. of the UK market share of social bank accounts and Goldman Sachs says that it controls 30 per cent. of the UK banking market overall. I do not see how that can be healthy in the long term. It will be necessary to break up the banks, particularly when they are re-privatised back into the private sector. Paraphrasing Mervyn King's recent statement, if banks are too big to fail, then they are too big. In such circumstances, the Government have to bail out the banks. The lack of competition is a problem, and it is not good for customers, either.

Mr. Graham Stuart: The hon. Lady will have noticed, as I did, that the document specifically mentions "post" in relation to competition enforcement. What does she think the European Commission's view will be of the Government's retreat in the face of their funders, the unions, which provide 80 per cent. of the Labour party's income? Back-Benchers have perhaps been driven by those unions into refusing to allow the modernisation and partial privatisation of the Post Office, which was apparently, until last week, absolutely necessary.

Jo Swinson: There are some questions about whether that decision is politically or commercially motivated. I leave it to the Minister to tell us what the European Commission will say and what the Government will say to it.

Climate change is a real success for Europe and we should not be afraid of praising the success so far. The hon. Member for Beverley and Holderness (Mr. Stuart) will know, because he also sat on the EAC and we produced more than one excellent report on the European Union emissions trading scheme, that although the ETS is not perfect, it has certainly improved in its different phases and is being used as a model by other schemes around the world, notably by the Australians, who have recently, thankfully, woken up to the threat of climate change and want to take action. We have a pioneering scheme and although it has its teething problems, people are learning from it and it will be a crucial part of how we, as a planet, tackle the problem. That pioneering attitude has enabled the EU to have a leadership role, which has been lacking from the United States. Even now it is more difficult for the US to lead on the issue, because of the different circumstances within that country, including the views of its population, for example, which relies on cheap petrol.

The EU has an opportunity. The regulations on lower-carbon vehicles have helped EU cars to be far ahead of their counterparts in the US. The Tata Nano is being launched in India and the company hopes to launch a similar model in Europe, but before doing so it has to make its carbon emissions much better for it to access the European market. Those regulations will encourage manufacturers from elsewhere in the world to improve their carbon standards.

Landfill tax has led to a huge increase in doorstep recycling around the UK. The Government may be tempted to take the credit for improved recycling facilities, but it is important to recognise that the EU deserves some of the credit, because the directive on landfill has played an important role. Too often Governments can take the credit for good things that the EU does and lay the blame on Europe for less popular things, but that does nothing to push the cause for working together with our European counterparts. I shall touch briefly on the common agricultural policy, because its reform is important for sustainability. The strategy notes that 2010 will be the first year of full implementation of the CAP's health check. That is a good and welcome step forward, because subsidies coupled with what farmers produced led to food mountains, wine lakes, and excesses that were not helpful to the environment, nor ultimately to trade with the rest of the world, and caused huge problems for developing countries. That protectionism must be challenged and is being challenged, although not far enough yet. It is good to see progress on reform, but it is important that pressure is maintained to ensure that it continues.

Cuts in aid will free up money. The DEFRA summary says that around €479 million will be freed up throughout Europe from aid cuts, and that can be used to invest in renewable energy, climate change measures, biodiversity and so on. What is the corresponding figure for the UK, and how do the Government intend to use those funds?

Mr. Goodwill: Does the hon. Lady agree that there can be no justification whatever for spending more than €1 billion a year to subsidise tobacco production in the European Union, much of which is of such low quality that it is exported to the third world?

Jo Swinson: The hon. Gentleman makes his point well, and it seems ridiculous to subsidise such a product, especially as we all know the harm that it causes. We should encourage alternatives, rather than the status quo.

Mr. Graham Stuart: The hon. Lady sounds insufficiently angry about the impact of the common agricultural policy, not only its impact on consumers throughout Europe but, more importantly, that it has been a fundamental blockage to the Doha trade round, which has resulted in the inhibition of trade with the third world and developing countries. I suggest that it has led to the death of many people in developing countries, not just from the obscene subsidy on tobacco, but because of its blockage of access to our markets. She should be more righteously angry and opposed to the current failure to reform it.

Jo Swinson: The hon. Gentleman asked to intervene, and then criticised me for taking his intervention. He anticipates my comments on Europe as a world partner. He rightly raised the huge problems that the CAP causes, but it is important to note that progress is under way, and that should be welcomed. The CAP is absolutely unacceptable and, sadly, the outlook is not optimistic for getting rid of the worst protectionism. The French are a stumbling block, although the Government have taken a positive line and tried to push it strongly in the EU, but obtaining agreement from other countries is not always easy.

A matter on which I have campaigned, as you will be aware, Mr. Illsley, because you also have a great interest in it, is excessive packaging. I note that the section on climate change and sustainable Europe does not mention packaging, which is a significant omission. The UK's legislation on reducing packaging waste is based on the snappily titled directive on packaging and packaging waste 94/62/EC. The Minister for Energy and Climate Change, the hon. Member for Lewisham, Deptford (Joan Ruddock), conceded in April 2008 that the directive's essential requirements do not work, and said that they must be reformed at EU level.

I have pursued the matter and have discovered that a review of the regulations was announced in September 2007. In December 2008, it had still not started, and the EU Article 21 Committee said that it expected that it would take between nine and 10 months, so it might finally be ready in the autumn, and I hope that it will recommend some strengthening of the essential requirements regulation. That is an example of the EU when it is not at its best. It announced a review, but it took more than two years for any results to be available. Sometimes, European business moves at snail's pace; a bit more proactivity and dynamism would be welcome. I am keen to see the result of the review, and may seek opportunities to raise it with the Minister or his colleagues in Environment, Food and Rural Affairs questions.

The Minister mentioned the Copenhagen negotiations in December, and I agree that they are vital in tackling climate change. It is essential that the EU takes a leading role, and it has tried to do so. Working through

the EU and explicit diplomacy on climate change is one of the four objectives of the Foreign and Commonwealth Office, and it is welcome that that is written into the FCO's objectives and not hived off to the Department of Energy and Climate Change, or the Department for Environment, Food and Rural Affairs. World diplomacy is vital, because in many countries there is not the same acceptance or understanding of, or belief in the scientific evidence for climate change, and it is not such a priority because developing countries must deal with a whole host of other issues. We know that if climate change continues on the current trajectory in the long term, its perils will be felt most strongly in developing countries, so it is vital to do all we can as a world community to mitigate it.

. Adaptation should not be forgotten. We have already had a temperature rise of 0.6°, and scientists predict that it will rise by at least 2° even if we manage to curb emissions rigorously now. That will not be 2° across the planet; it will be higher in some areas, and lower in others. Adaptation measures will be necessary, and we have seen the disruptive effect of just a few days of hot weather in the UK. We see similar disruption when there is flooding, and the effects in other countries will be so much worse.

Turning to Europe as a world partner and the point that was raised in an intervention, I was intrigued to read on page 7:

"The Commission will also pay particular attention to preventing and addressing unfair trade-distorting actions and protectionism in third countries."

That is hugely ironic, because, as was mentioned, the CAP continues to epitomise those unfair trade-distorting actions and protectionism which the Commission is now saying it is against. I hope that those words can be used to encourage our European partners to move further along the route of getting rid of protectionism, because that is vital.

My first Adjournment debate in Westminster Hall was on trade with developing countries in the months after the Make Poverty History march and campaign. A huge number of my constituents were motivated to write to me about it, and I would have thought that all hon. Members would agree that urgent action is needed. Some of that is about money, but some is just about dropping barriers. There has been stagnation in the Doha round, and that beggars belief, because we are not talking just about money, companies, trade and so on; we are talking about people's lives and livelihoods, and whether they have the basics of life that we take for granted. It is vital that our words are made to have real meaning, and that they are not glossed over in statements and policy papers that do not have any teeth.

I welcome the statement on page 6 of the strategy document that accession negotiations with Croatia and Turkey will continue. That is important. Despite recent setbacks in the border dispute with Slovenia, Croatia is well on its way to membership, and I hope that the issues can be resolved.

Turkey's accession may be further off, but it would be a positive move to include Turkey in Europe. Some human rights issues are outstanding, but it is important to recognise the incentive that EU membership and the accession process can provide. Many countries have been and are keen to join the EU, and that carrot is a great motivator for them to improve their record on human rights and corruption. We perhaps were not firm enough with some eastern European countries about securing action on corruption and so on before they acceded to the EU. That means that some opportunities are lost, because the pre-accession period is the time when the EU's influence is probably greatest in encouraging reform. We do not want to repeat those mistakes, but we do want to continue with those proceedings.

I noted the very diplomatic wording on Kosovo:

"The Commission will also prepare measures to support Kosovo's political and socio-economic development and to help it progress, as part of the region, towards the EU."

In fact, there is a host of diplomatic difficulties stemming from the fact that some EU states have recognised Kosovo as an independent state and others still have not done so. Last year, I had the opportunity to visit Pristina and Mitrovica and meet various Kosovan and Serb politicians. It was clear to me that huge difficulties remained in that region, even though there is peace. EU membership is perhaps one way out of the problems. The different Balkan states being EU members and then having relationships under the larger EU umbrella is potentially hugely beneficial. Although there are diplomatic difficulties at the moment, I hope that that objective will be pursued.

The Commission wants bilateral relations to be deepened with Israel, Moldova, Morocco and Ukraine. That is certainly interesting, but there are areas of concern. Greater co-operation with the EU could be used as an incentive for Israel to fulfil its responsibilities to uphold human rights. I argue that we should not upgrade relations with Israel until it agrees to suspend settlement expansion and shows real commitment to the peace process. We have seen some moves in that direction, albeit small ones, recently. Obviously the situation is very sensitive, but although in terms of overall diplomacy and influence the US has a far greater role to play than the EU, the EU should use the tools that it has at its disposal to pursue that agenda. That is my representation to the Minister on Israel.

The issue of Morocco is not touched on often. There is a strong trading relationship between Morocco and the EU, but Morocco is not co-operating with UN negotiations on the future of Western Sahara. It has not agreed to a referendum on independence for the Western Sahrawis. The Amnesty International report in 2009 entitled "The State of the World's Human Rights" said on Morocco:

"The rights to freedom of expression, association and assembly continued to be restricted. Criticism of the monarchy or views contradicting the official position on other politically sensitive issues were penalized...Allegations of torture were not investigated, and victims of past human rights violations were not granted effective access to justice."

Slightly worryingly, it also said that

"the issue of impunity for torturers was not raised"

when the EU and Morocco agreed in October 2008 the road map to closer co-operation. I urge the Minister to use what influence he might have in his discussions with EU counterparts on further relations with Morocco to ensure that those issues are not left on the sidelines but are highlighted.

It is vital that Britain continues to engage in Europe, and this policy strategy lays out a set of priorities that are well thought out, although there are the issues that I have raised. I hope that whoever wins the next general

[Jo Swinson]

election, the Government will continue to engage in Europe, so that we have a full role in reviewing the strategy, because it is important for many of the global challenges that we are working hand in hand with our EU partners.

My other plea is for us to focus on making things happen. The case for Europe is made best when Europe delivers for people, rather than when we get lost in institutional minutiae. Europe should focus on job creation, investing in a lower-carbon world, trade liberalisation and human rights, and prove just how relevant it is to the people of Europe.

4.4 pm

Mr. Mark Francois (Rayleigh) (Con): It is a pleasure to follow the hon. Member for East Dunbartonshire (Jo Swinson) and to speak under your chairmanship, Mr. Illsley.

In summing up the debate from the Opposition Front Bench, I note in passing that five Conservative Members have participated in one way or another, one Liberal Democrat Member and, aside from you, Mr. Illsley, as the neutral Chairman, one Labour Member—the Minister himself. I am somewhat surprised, given his popularity among Labour Back Benchers, that none of them has turned up to support him. I thought that at least one Labour Back Bencher could have been dragged here on a Thursday afternoon to talk about this important document. The Minister may have to reflect on that privately.

I shall come to the Minister's contribution, but first I shall talk about some of the other contributions. My hon. Friend the Member for Beverley and Holderness (Mr. Stuart) raised a number of good points. He pressed the Minister on the position regarding Turkish accession. The policy statement relates to accession in a number of areas. As there has been a lot of media comment about that in the past few weeks, will the Minister give the latest view from the Foreign Office on progress on Turkish accession? I hope he understands that it is a serious question. It would be helpful to hon. Members if he provided us with an update.

My hon. Friend also referred to our new grouping in the European Parliament. Since I have been doing this job, for the past two years, I have heard many people, including Labour Ministers, say that we would never do it—that it could not be achieved. Well, we have done it, and I just say to the Minister that in the European Parliament, there are a number of people in the socialist grouping, with whom Labour MEPs sit, who served in previous communist regimes in eastern Europe that seemed perfectly content to oppress the peoples of those countries. If he wants to talk about democracy, he should be more careful about the company that Labour MEPs keep, because they sit with people who were perfectly willing to suppress it for many years in eastern Europe. I am pleased that some of the people we are allied with resisted that, even under communism. I therefore believe that our grouping will provide an important addition to democratic debate in the Parliament. The President of the Commission, Mr. Barroso, will address our new grouping on 7 July. That is an example of how seriously it is being taken. I thank my hon. Friend for raising that matter.

My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) asked a number of specific budgetary questions, and the Minister has had time to seek inspiration on those points, so I hope that we will receive specific answers. My hon. Friend raised in particular Galileo, which, as I think the Minister would concede, has been a controversial programme. When my hon. Friend referred to birds, he was not referring in any kind of slang or colloquial language to pretty young ladies; he was merely using a term widely used in the industry for satellites. Given that only one satellite is in orbit, and a test one at that, will the Minister update us on the Government's view on Galileo—exactly where the programme now sits, when the next satellite will be launched, what our current budgetary contribution is, and where he believes the programme will go in the next several years? It has come in for a lot of criticism and it is referred to in the documentation.

We also heard a speech from the hon. Member for East Dunbartonshire, from the Liberal Democrat Front Bench. It is fair to say that she ranged over quite a considerable number of topics. She mentioned en passant the common agricultural policy and the health check, although she neglected to mention that a few years ago the present Government gave up £7 billion of the British rebate in return for what was supposed to be significant reform of the CAP. That was then downgraded to a health check and, in effect, very little further reform has taken place. We oppose that giving up of British taxpayers' money. It is a discredit to the Government that they negotiated so weakly and did not achieve a creditable outcome.

I repeat to the hon. Lady the point that my hon. Friend the Member for Beverley and Holderness made: the Conservative vote increased in the European elections. Regardless of how the Liberal Democrats may have done in the east midlands, which she cited, to have come fourth in the country as a whole, even behind the Government, who had their worst result ever, was not necessarily a terribly creditable performance for the Liberal Democrats overall, and they might want to reflect on whether their European policy has something to do with that.

When the 2009 annual policy strategy was debated on 12 June last year, my hon. Friend the Member for Aylesbury (Mr. Lidington), speaking from the Front Bench for the Conservatives, said about the document:

"I could not make up my mind whether it was a strategy document or a work programme. It is something of a cross between a White Paper and a Queen's Speech, but it lacked the precision of the latter and associated documents because it does not tell us in detail exactly which measures of European legislation the Commission intends to introduce in 2009. The strategic analysis and presentation lacks coherence—it is a bag of all-sorts."—[*Official Report*, 12 June 2008; Vol. 477, c. 164WH.]

That was a perceptive description, and in many respects it holds for the 2010 document.

I turn to the document, and I begin with Copenhagen. We welcome a number of the Commission's objectives, particularly the fact that it wants to prioritise the fight against climate change. That is an important priority, and a topical one given that we all hope that international agreement can be reached at the UN summit in Copenhagen in December. Indeed, the House has seen cross-party support for that this afternoon.

We all appreciate the importance of the matter, and would like to see a deal done at Copenhagen, if it is

possible. Given the importance of such a deal, we welcome the fact that the Commission recognises that the adoption of a climate and energy package and a revised emissions trading scheme should be a priority for 2010. For all its faults, the emissions trading scheme is an important example of how to create an international mechanism to deal with carbon emissions.

I move on to the Lisbon agenda, which forms an important part of the document that we are debating this afternoon. The aim, as stated in 2000, was that by 2010 the European Union should be

"the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion".

Given that that period is nearly at an end, it is worth evaluating the outcome of the last nine years.

Frederick Reinfeldt, the Prime Minister of Sweden—the country assumed the presidency of the EU only yesterday—and his Finance Minister, Anders Borg, did just that in a joint article on 2 June in the Swedish daily newspaper *Dagens Nyheter*. Their unfortunate conclusion was this:

"Even if progress has been made it must be said that the Lisbon agenda, with only a year remaining before it is to be evaluated, has been a failure".

They then set out their remedies, which they see as based on sustainable public finances, lower taxes and greater participation in the jobs market. They argued that

"we have in Sweden held stable and sustainable public finances as an integral part in crisis control. A quick glance around Europe strengthens us in the conviction that it is right. The crisis in the United Kingdom doubled the national debt in just a few years."

When it comes to the Lisbon agenda, the new European Union presidency singled out the UK, under the Labour Government, as a prime example of how unsustainable public finances can hamper sustainable economic growth. I hope that the Minister will reflect on that.

Another important matter covered in the Commission's document is the proposed change to the regulation of the financial services industry. A number of my hon. Friends touched upon the fact that the change is vital to this country because of the large number of jobs created and tax revenue generated by the City of London, and other financial centres such as Edinburgh. The Opposition are concerned that the proposals mentioned in the strategy document will have a significant impact on the City's ability to compete globally. For instance, the European system of financial supervisors should supplement and strengthen rather than replace the role of national regulators, such as the Financial Services Authority and the Bank of England.

Other proposals include giving the three authorities proposed in stage 2 of the de la Rosière programme legally binding powers over national supervisors, but that would potentially represent a significant transfer of power from member states to the EU in an area where Britain has a great deal at stake. The dangers are more apparent than the advantages. Moreover, the Institute of Directors points out that the distinction the Government seem to draw between financial supervision and regulation in respect of the proposed system is "dubious". Why are the Government rolling over when they should be doing more to defend Britain's interests? They have been weak, and they deserve to be criticised.

Since the last debate on the annual policy strategy, we have witnessed the Russian invasion of Georgia. Today's document devotes a paragraph to support for Georgia and its political system. However, it does not mention any detailed measures on Russia, and specifically whether talks aimed at creating a new EU partnership agreement with Russia should be concluded while Russia remains in breach of the EU-brokered ceasefire, which was successfully negotiated by President Sarkozy when France held the EU presidency. It is important to put that on record.

I have asked the Minister this question before, most recently in a European affairs debate, but there was no time then for him to answer. I should be grateful if he would state whether it is the Government's policy not to sign up to a new agreement with Russia while it remains in breach of its ceasefire obligations. There is plenty of time this afternoon. Perhaps the Minister will give us a clear answer to that straightforward question.

The documents also say that a special emphasis will be placed on the European neighbourhood policy—the ENP—and the new Eastern Partnership. The Eastern Partnership was one of the lasting achievements of the Czech presidency. We welcomed it as an example of how Europe could look outwards and continue with the enlargement process. However, when European Standing Committee B debated the matter some weeks ago—the previous Minister for Europe, the right hon. Member for Don Valley (Caroline Flint) was there—I asked how the Eastern Partnership would be financed, and I am sorry to say that I did not receive a satisfactory answer. I therefore have some questions for the Under-Secretary about the budget for the Eastern Partnership, based on the documents before us.

At page 11, the strategy document states:

"EUR 250 million has been earmarked by reprogramming ENPI funds."

It then goes on to say that

"The remaining EUR 350 million will come from the unallocated margin under Heading 4".

Will the hon. Gentleman say more about precisely what is covered by heading 4—I understand that it acts in part as a reserve—and whether the redeployment funds will have any effect on future funding for programmes in the Balkans, or as implied in the next paragraph, for areas such as Gaza or other parts of the middle east? It is some weeks since the European Committee debate, and I wonder whether the Minister can provide greater clarify on exactly where the other €350 million will come from, and specifically which other budgets might suffer.

One of the greatest challenges for European enlargement is the Balkans, particularly Bosnia and Herzegovina. The European Commission's work in Bosnia is ongoing, and the commitment to accelerate the stabilisation and association agreements in the western Balkans, referred to on page 6, is welcome. However, those agreements will not be able to progress without more European political resolve and initiative. Unfortunately, at least in some countries, that seems to be lacking.

As I have said on previous occasions, Bosnia remains in a delicate position. Nationalist rhetoric blows over the fragile central Bosnian institutions, and separatist calls are never far from the surface, yet it is now that the EU needs to show greater resolve in Bosnia than it

[Mr. Mark Francois]

appears to be showing. Rather than allowing discussion of its closure, the Office of the High Representative needs our full backing; likewise, EUFOR is in need of greater European political support. Will the Government support the continued operation of the High Representative and EUFOR? Those are specific policy questions, and I should be grateful if the Minister were to answer them.

I want to ask the Minister about a related matter to do with Kosovo. As the UK has reduced its commitment to EULEX in Kosovo partly, it would seem, as a result of the Government's public finance crisis, will he guarantee that British missions to Bosnia are not and will not suffer the same fate?

On page 6, the document describes the European Commission's proposals for the implementation of the Lisbon treaty. Those plans not only take the Irish people for granted, but also to some degree the German constitutional court and Parliament. I am sure the Minister is aware that the German constitutional court's ruling of 30 June, in effect, suspended ratification of the treaty in Germany. The court's ruling is remarkable for its honesty. For instance, it states:

"The extent of the Union's freedom of action has steadily and considerably increased, not least by the Treaty of Lisbon, so that meanwhile in some fields of policy, the European Union has a shape that corresponds to that of a federal state, i.e. is analogous to that of a state".

That is to be found near the beginning of the judgment, which continued:

"The transfer of competences...has been increased once again by the Treaty of Lisbon".

Importantly, the court also noted—this is of great significance to the UK Parliament, where all the Opposition's attempts to insert legal safeguards were defeated by the Government on a three-line Whip—that the so-called ratchet clause needs a further legal safeguard. Given that the Minister assures us that he has read the treaty, he will understand exactly what that clause is. The court was specific about that, in the German context, but the need for safeguards has also been taken up in Holland, where the Dutch magazine, *Elsevier,* noted:

"What does this judgement mean for the sovereignty of other member states? Should they not also build a guarantee into their own legislation in order to secure their right to self-determination?"

As the German constitutional court has effectively compelled the German Parliament to insert legal safeguards, should the UK Parliament not also receive at least comparable safeguards to those that will apparently be provided to the German Parliament? That judgment came not from those on what the Minister might call the Eurosceptic fringe of politics, but from the constitutional court of Germany. As he was so keen earlier to refer to the German constitution, will he now be mindful of the decisions of the court that exists to police that constitution? In simple terms, if additional safeguards are good enough for the people of Germany, why should they not be good enough for the people of the United Kingdom? I hope he will address that point when he sums up.

Another part of the document that causes concern is the development of the European external action service. Page 6 of the document notes:

"One of the early and visible outcomes of such an institutional change would be the setting-up of the European External Action Service".

There have been suspicions that the reason why there would be such an early and visible outcome is that the creation of the EAAS is already under way, notwithstanding the result of the referendum yet to be held—most likely—in Ireland. I should be grateful, therefore, if the Under-Secretary could reassure us that no work has been undertaken on setting up the external access service, as envisaged by the Lisbon treaty, given that its ratification has been halted in a number of member states. On that point, I should like to correct him: he said that it had not been ratified in two member states, but actually it has not been ratified in four—Germany, Ireland, the Czech Republic and Poland. That being the case, will he assure us that no work has been done in the UK to set up the external action service? As he well knows, the treaty is not live. I would like a clear answer to that.

In conclusion, the annual policy strategy provides a welcome insight into the work that the Commission will undertake in the year ahead. We support some of the proposals, such as those on climate change, biodiversity and—largely—enlargement. However, the EU must be based on the consent of its peoples. Missing from the document is a recognition that political developments cannot be divorced from the people whom they are supposed to represent. If European political leaders and institutions continue to deny the people their say, they should not be surprised if the institutions they build foster, in some instances, a mixture of cynicism and apathy. Instead of talking about implementing the Lisbon treaty and the furtherance of moves towards a federal European superstate, against the wishes of the people of Europe, the document should have concentrated on real outcomes, and only on areas where by working together, Europe can achieve more productively and for the benefit of its peoples. It should not be trying to create a "United States of Europe", which those peoples do not want.

4.24 pm

Chris Bryant: With leave, Mr. Illsley, I shall speak for a second time in order that I might reply to the comments made in the debate. We might be few, but we are perfectly formed—small, but perfectly formed! I am sure that the hon. Member for Rayleigh (Mr. Francois) identifies with that phrase.

I shall go through the speeches made and try to respond to any points that I can. If I cannot answer any questions, I undertake to write to hon. Members.

Mr. Francois: As a courtesy, I want to say that it was very kind of the Minister to refer to me as "perfectly formed". I am grateful.

Chris Bryant: I am grateful that the hon. Gentleman finally recognised the compliment—I was not meaning to be disrespectful. My respect for him is abundant.

The hon. Member—indeed, my hon. Friend—for Beverley and Holderness (Mr. Stuart) misunderstands how the European rules on mobile telephony have changed and how enforced standards were imposed on television across Europe. As a result, we have ended up with a much better television system in Europe than the one in the United States of America. There was a shared pressure between the Commission and some member states that was not shared by others. This is a constant process. The architecture of the EU presents

some difficulties. Different bodies play different roles, which is mostly misunderstood by members of the public.

Why should the public have to spend their time understanding the difference between the Council of Ministers and the Council of Europe, or the Council of Ministers and the European Parliament, and their different responsibilities? The result is a curious democratic deficit in Europe. There is not one European demos holding a single view at any one time and so able to grant a mandate to the whole of Europe. I have long held that view. It is an important principle, but it makes it difficult to get an agreement across Europe, including on matters on which Britain has led the way. The common agricultural policy is a classic example.

The Government would much prefer a radically reformed CAP, but if we had no CAP, which was a position advocated at the beginning of the Union, the danger would be that each member state would simply dole out moneys to their own agricultural bodies and farmers, without any regard to what is happening in other countries. That would have had as detrimental an effect on farming in the UK as state aid policies in some of the eastern bloc countries would have had had they continued into the modern era. So we have an important balancing act to perform.

Mr. Graham Stuart: If the CAP had not been implemented, like in many other areas of industry subsidised in the past by nation states, competition law and the development of the EU single market might have been more effective. Instead we have this large EU project that seems to have been relatively immune to reform, although I accept that some—but far too limited—progress has been made.

Chris Bryant: I hate to say it, but I agree with the hon. Gentleman; we want much greater progress in this area. However, Greek or Spanish colleagues', let alone French colleagues', understanding of the significance of agricultural subsidies to their economies and of tackling issues relating to poverty, migration and so on, is very different from our experience. I am hesitant to say that there should never have been a CAP, but I agree entirely that we need far more substantial movement.

Mr. Francois: I appreciate that the impact of the CAP in different EU countries is perceived in different ways. Nevertheless, as I intimated earlier, when the former Prime Minister came back from the negotiations in 2005, having given up £7 billion of British taxpayers' money, he told Parliament that he had done so in return for further reform of the CAP. Where is the reform that we were promised?

Chris Bryant: The hon. Gentleman knows that there has been reform. Moreover, even at a time when a large number of agriculture-dependent countries have joined the EU, the proportion of the EU budget that has been spent on the common agricultural policy has fallen dramatically. We want to see another significant fall, which will be one of the challenges facing the new Commission when it takes on its responsibilities.

Mr. Francois: The Under-Secretary talks about further reform, but there has been very little reform of the CAP since 2005. Is he seriously saying that the CAP health check represents real significant reform and that it is worth £7 billion of British taxpayers' money? If that is the argument he is making, I just want to be clear about it because there are many people who would not agree with him.

Chris Bryant: My argument is pretty straightforward. It is that we need further reform of the common agricultural policy. To achieve that, we must carry other people from the European Union with us. This is a difficult business for us to achieve. I am glad that the percentage of the EU budget that is spent on the common agricultural policy has fallen, and we would like to see it fall still further. We will make a very strong case for that when we come to discuss the health check to which he has referred.

The hon. Member for Beverley and Holderness also raised the issue of the Irish people, and several other hon. Members mentioned what happened in Germany this week. The only thing I would say is that there is an irony when people suggest that we should be telling every other country in Europe how they should go about the process of ratification because they do not want a federal state. I do not want a federal state or a federal Europe. That is one of the reasons why I am not in the business of telling each and every member state around Europe how they should go about their process of ratification. It is for the people of Germany to decide how they go about that. I know that there was a ruling in the German constitutional court this week, but that is a matter for Germany to resolve. If Germany feels that it is unable to resolve it, then that is how it is. In the end, it is a matter for Germany. It is not for us to tell it what to do. It was extraordinary to hear the hon. Member for Rayleigh effectively saying that the German constitutional court should be telling us in this Parliament how to conduct our business. I thought that we fought against that.

Mr. Francois *rose—*

Mr. Ellwood: That was not my interpretation of my hon. Friend's comments. The reason why there is such an interest in what goes on in other countries is that it relates to the mechanics of what we are voting for. We do not have the system if one country votes against it, so, of course, we look over our shoulders to see what is happening in other countries. We want to be aware of what is happening. That is why it is pertinent to debate such matters and have an understanding in this House as well. We cannot ignore what happens in Germany; we do not want to interfere. If Germany decides not to ratify the constitution, it will have huge ramifications for Europe and for us.

Chris Bryant: I will reply to the hon. Gentleman once I have heard from the hon. Member for Rayleigh.

Mr. Francois: If you are happy to allow a double intervention, Mr. Illsley, then it is down to the Minister. Forgive me, but I do not want the Minister in any way, perhaps inadvertently, to misrepresent me. The point that I was making was that if additional safeguards are to be allowed for the people of Germany and the German Parliament, I believe that similar safeguards should at least be on offer to the people of Britain and the British Parliament. That is not a case of being told what to do by anybody, but it is saying that we would

[Mr. Francois]

like the same additional safeguards that a court in Germany appears to believe that its Parliament might well merit. The question was why can we not have them here if we want them?

Chris Bryant: If the hon. Gentleman will forgive me, that is slightly different from the way in which he expressed himself earlier. He seemed to be saying that because the German constitutional court has said X, we must do Y, and that would be wrong. We have gone through the parliamentary process. The hon. Gentleman is not happy with it. He believes that the Lisbon treaty is inappropriate and that we should not be going forward with it. I happen to disagree with him, as does Parliament. It is about the majorities that were secured in not just the House of Commons but the House of Lords. So, I disagree with all those hon. Members who think that because one country has gone down one course, we should follow.

The hon. Members for Beverley and Holderness and for Rayleigh raised the question of Turkey. I will make it absolutely clear that the Government are as fully committed to Turkish membership of the European Union as they ever have been. There are countries that adopt a somewhat different position. There are those who believe that such membership should take a long time and those who think that it should take a short time. We believe that having a secular Muslim state as a member of the European Union and playing a key role at the edge of Europe is a matter of significant strategic importance. Turkey has addressed a number of issues, including its human rights, and many more still need to be resolved. None the less, our support has not diminished.

The hon. Member for Beverley and Holderness referred to the issue of party groupings. We could talk about that all afternoon, but I am not sure that there is enormous value to our doing so. I still have a large number of issues to address by 5 o'clock so, if the hon. Gentleman does not mind, I will leave that matter.

At the beginning of the afternoon, the hon. Member for Rayleigh asked me which MEP said:

> "I do not want to see the strong Tory group of MEPs in Europe...forced to give up all the positions of influence we have used to the benefit of our constituents, our country and our party, in exchange for a position on the back benches alongside a bunch of fascists, outcasts and ne'er-do-wells."

I can tell the hon. Gentleman that it was Struan Stephenson, who is still a Scottish MEP representing the Conservative party.

Mr. Francois: Will the Under-Secretary tell me the date of the quote?

Chris Bryant: I cannot do that, but the hon. Gentleman knows perfectly well that I used that quote on a previous occasion in the Chamber. If the hon. Gentleman felt that the quote was inappropriate, he should have written to Mr. Stephenson to get him to withdraw it. I am not aware that he has done so, and he certainly has not done so in writing to me.

Mr. Francois: I just want to make it plain that I have spoken to Mr. Stephenson on a number of occasions, the most recent being three weeks ago, and he was fully in favour of this new group. As the Under-Secretary has been doing a bit of research, I should like to know how old the quote is. I think that it probably goes back a little way.

Chris Bryant: I note that the hon. Gentleman has not said that Mr. Stephenson has withdrawn that view. Should he be able to get Mr. Stephenson to write to me saying that he wholly disowns that quote and that he never intended to express such views, then I am perfectly happy to make that clear in any subsequent debate in the House. If necessary, I will apologise. However, Mr. Stephenson must provide a full retraction of that and say that he never held those views and does not hold those views now.

The hon. Member for Beverley and Holderness asked about the working time directive.

Mr. Graham Stuart *indicated dissent.*

Chris Bryant: No, the hon. Gentleman did not, he asked about the European energy performance of buildings directive. As he will be aware, the Government support the direction in which the directive is going. It is at an early stage of negotiation. We want to ensure that the details are ones that work for the United Kingdom. As the negotiations go forward, I am perfectly happy to provide further information, but it is early stages yet. The hon. Gentleman should not be running away with the view that we are opposed to this directive.

The hon. Member for Bournemouth, East referred to a large number of issues. If he does not mind, I will rattle through them. He was very dismissive of Galileo, as was the hon. Member for Rayleigh. I think that I have heard him dismissing Galileo before. It is important to bear it in mind that there is a keen distinction between Galileo and the Global Positioning System. GPS has a military foundation, whereas Galileo was always intended to be under civil control. We believe that it has contributed to the Lisbon agenda by providing high-skilled jobs in Europe and ensuring that we have a knowledge-based economy. We are concerned about ensuring that it is delivered at the agreed cost, which I think is €3.4 billion. We do not want the cost to increase, but I am not as dismissive as him: I believe that it will provide improved accuracy when it works in collaboration with GPS.

Mr. Ellwood rose—

Chris Bryant: My worry is that if I give way to the hon. Gentleman, I may end up being unable to respond on other matters, but he has asked.

Mr. Ellwood: We are talking about astonishing sums of money—€3.4 billion—so it is worth just a couple more seconds of the Minister's and the Chamber's time. We should have updates and more detail on exactly how the money is being spent. The matter was being debated when I first became an MP, and as the Minister said, I have spoken about it before, but there is still only one satellite up there. The project is way behind time. He should not lean on the argument that GPS is for military purposes. The web was for military purposes, but it has now wandered off into civilian use, so we are able to adapt. The BlackBerry in his pocket works off GPS,

and that will continue. The accuracy of Galileo will be no better than GPS, so the question remains: why are we paying for a duplicate system when we can use one free of charge? Everyone who uses the Galileo system will be charged—it will not be free at the point of use—for the additional accuracy that is needed.

Chris Bryant: I have heard the hon. Gentleman's views on the matter before. As it happens, I do not have a BlackBerry in my pocket; I have an iPhone, but the point remains.

As it stands, GPS will need significant levels of investment in the years to come if it is to maintain its operability. Of course, we expect and hope for that investment, but that does not negate the necessity for Galileo. The hon. Gentleman is right that we have concerns about how the programme has been developing and the finances, but that does not mean that we should write it off. I am perfectly happy to provide in much greater detail our precise views on Galileo in writing if he wishes.

Mr. Ellwood: Honest views?

Chris Bryant: My honest views are the same as those I espouse—I am sure that the hon. Gentleman would not want to suggest otherwise.

The hon. Gentleman also asked about carbon capture and storage. Again, he was sceptical about whether it would succeed. The hon. Member for East Dunbartonshire (Jo Swinson) made an important point on CCS—that it is not just about what we in Britain and Europe do; it is also about what happens in China and India. Given the number of coal-fired power stations that are being opened every week around the world, it is important that we ensure that CCS technology happens. It may prove to be an interim technology or it could last some considerable time, but I hope that the Government will be able to provide in the near future considerably more detail.

Mr. Ellwood: More information on Galileo by letter would be much appreciated. I appreciate that I am testing the Minister's generosity and I am grateful that he has given way once again. I am happy to be proved wrong, but we have yet to see any form of CCS actually work. I am very much in favour of other forms of green energy. The one thing that could be successful, but which we are always told is 20 years away, is nuclear fusion. It is 20 years away because we do not put enough money into the research. That is the utopia. It is the form of nuclear energy that is absolutely safe. It would not require any form of radioactive material such as uranium or plutonium because it uses water. It would be very simple, very safe and very cheap, if we could harness the technology. Why do we not invest in it?

Chris Bryant: The hon. Gentleman said "very simple," but if it were very simple, doubtless we would already have it. There would be an enormous advantage if we gained first-mover status and were able to develop CCS first. The potential value of that to European economies in relation to China and India would be very significant.

I generally take on board the hon. Gentleman's points on energy policy—several questions were asked about it. We cannot put all our eggs in one basket. One of the difficulties that the country faces is that having relied on particular forms of energy, we could become more and more dependent on energy from abroad if we do not take the serious decisions that need to be taken on nuclear energy. The hon. Member for East Dunbartonshire and her party are wholly opposed to that, but in the end it will be difficult to establish the future energy security of the UK, let alone ensure that people are able to keep the lights on and the economy running, if we are unable to include it in our package of measures.

Jo Swinson: If that is the case—as the Minister suggests, it will be difficult to cut our carbon emissions without nuclear technology—is it not an admission of the Government's failure in the past 12 years to invest sufficiently and to push alternatives, energy efficiency and renewable technologies? We are still not a world leader. Does that suggest that the Government have not had the success that they should have had?

Chris Bryant: The hon. Lady will be surprised to hear that I do not agree with her, but she has made her point.

The hon. Member for Bournemouth, East was entirely right about a common gas market. We would like a liberalised common gas market across Europe. It is important, and we have been arguing for it for some considerable time. Getting the French and the Spanish to agree with us has been a difficult process, but we are getting much closer. All European countries, not just those that are closest to Russia and that have been most anxious and nervous about the possible closing off of their gas supplies, have begun to realise that energy security is vital. It cannot depend only on state-provided solutions; we have to ensure that we have a liberalised energy market. It is also important in terms of competitiveness.

The hon. Gentleman mentioned Copenhagen, as did all hon. Members. There is unanimity on Copenhagen. I am grateful for the comments of the hon. Member for Rayleigh, because the more Ministers can say that they speak unambiguously for Parliament in the lead up to Copenhagen, the better. We want an ambitious programme, because we recognise that climate change is not a myth, as some suggest, but potentially the biggest single danger and risk to economic prosperity and individuals' ability to live contented lives. The more we are able to say that as a united Parliament, the greater the chance that we will get a successful outcome in Copenhagen. In my day job as Minister with responsibility for Latin America, I am keen to ensure that we get a strong message to our allies. Many in Latin America want the same things, because they know that climate change is likely to affect the poorest countries, and the poorest people in those countries, most dramatically.

The hon. Member for Bournemouth, East asked about the CFP. We are keen for it to be reformed, and we are thoroughly aware that in many parts of the world, humanity has overfished and stocks are so depleted that it may be impossible for them to regenerate. I have always been rather sceptical of those who want an entirely national fisheries policy, because I do not know of any fish that know how to stick within their national borders. This country has responsibilities not only within the EU. Because of our overseas territories, we have some of the most important territories of fish stocks in the world. Our presence in the British Indian ocean off

[Chris Bryant]

the east coast of Africa is vital. If we were able to create a sustainable marine park—because of how the currents work towards east Africa—it could make a dramatic difference to the fishing stocks in the region and to some of the poorest parts of the world.

The hon. Gentleman asked about world policy. I pay tribute to him, because he knows a great deal about the armed forces, not only from his service, but from his continuing work as an MP. His information is not old and he has kept it refreshed. He makes an important point on the need for better co-operation between the EU and NATO. We as a Government have never thought that the developments in the EU for which we have argued should contradict NATO. They should always harmonise with and supplement them. There are key places where that has been self-evident, not least in the Balkans.

The hon. Gentleman drew a distinction between war fighting and peacekeeping. There is not only peacekeeping, but peace building. Those three processes are distinct, but sometimes the moment of transition from one to another is difficult to spot. A classic example is Bosnia. The British had started to feel that our job had been done and that we were no longer doing a military job, but there was a danger none the less that if we withdrew too soon, the situation with Republic Srpska, which was trying to dismantle federal solutions to criminal justice problems, would relapse back to its old position. I think that we have got our timing more or less right, but I note in response to the hon. Member for Rayleigh that Republic Srpska has declared that some institutions are illegal. I think that it is right that we should push back and that the EU should make it clear that we intend to move forward and not back towards a segregated, divided—dare I say balkanised—Bosnia and Herzegovina.

The hon. Member for Bournemouth, East also asked whether it is the armed forces or the international development people who should be engaged in the process of what he referred to as peacekeeping, but which I guess is also peace building. Sometimes he is right in these matters, and sometimes he is wrong. I think that there must be a creative engagement between the two. The Foreign Secretary has admitted readily that one thing that the coalition did not get right in Iraq was the process of ensuring that a proper reconstruction plan was in place and ready to start swiftly. Often, of course, that would have to be introduced by the armed forces rather than others. I am not sure whether the hon. Member for Rayleigh is twitching in an interventionary way.

Mr. Francois: The Minister mentioned Bosnia, and I thank him for what he said about it, but will he confirm that it is still the Government's policy—perhaps he is coming to this—that the Office of the High Representative should not be wound up? That has certainly been the Government's policy to date, and I would like some confirmation that it has not changed. A simple "No it hasn't" will suffice.

Chris Bryant: It might be a simple question, but my inspiration is not functioning. Maybe the dove of inspiration will descend on me in the near future.

Looking at my papers, I can see that I have done that and done that—*Hansard* need not put in the "done thats."

Mr. Francois: You just read it into the record.

Chris Bryant: I am fully aware of that, but I am grateful to the hon. Gentleman for pointing it out. I have now written him into the record as well.

The hon. Member for Bournemouth, East asked about the lifelong learning programme and how the extra £39 million will be spent. A series of new initiatives will be introduced: adult learning workshops, new schools and local authority partnerships, a new programme of pupil mobility and training for learning assistance.

The hon. Member for East Dunbartonshire said that what was important was advancing the argument for what Europe has achieved. I was brought up partly in Spain, which was a fascist dictatorship at the time, and travelled when I was young with my father to Greece, which was then a dictatorship of the left. I also travelled to Poland when it was a communist dictatorship. I know that one thing that we forget all too easily is the new human rights that many people across the whole of Europe enjoy and that I hope will never be reversed. That is in large measure due to the political willpower expressed by the countries of Europe to create the European Union.

There are other things, such as clean beaches in Europe. I remember as a child that one always ended up being covered in tar, and had to take olive oil to the beach to get tar off one's feet. That does not happen on EU beaches, because the European Commission and the member states working together fought hard to institute a programme of clean beaches around the whole of Europe. The EU has also ended the death penalty. The right to work in any country in the EU is enjoyed by many of my constituents, who work in the aviation industry all over Europe. That is a significant benefit that they would not have been able to enjoy in the past, as is the fact that if they go on holiday, they have the same consumer rights as they would have in their home town. Those are important benefits that have accrued.

The hon. Member for East Dunbartonshire referred to energy. I hope that I have answered her questions. She also referred to financial services and the dangers of repeating problems. I have argued for a long time that we should be examining how the financial services industry sometimes pushes debt on people in the poorest constituencies in our land and the poorest areas in Europe. In this country, it is for our Financial Services Authority to regulate, but I am glad that we as a Government can now move forward on credit card checks and the other issues that we discussed in a White Paper this week.

The hon. Lady referred to the packaging waste directive. I agree wholly. I remember taking part in a media event with Help the Aged that tried to point out that some packaging is impossible for elderly people to open. We tried with boxing gloves on, but I could not open it even after I had taken them off. Clearly, that is a significant issue, and if she will permit me, I will write to her about it.

The hon. Lady is absolutely right about protectionism. I do not think that protectionism, whether of the political variety or the economic, tariff-creating kind, is the answer to any of the world's current problems, which is partly why we need fair trade, free trade agreements around the world. That is a message that we push not only in Europe but in all our other agreements.

The hon. Lady asked about Croatia. We want to move forward with Croatia, but we also want to move forward with an interim agreement only when we have obtained 100 per cent. co-operation with the International Criminal Tribunal for the Former Yugoslavia. That is important. We hope that in the near future, it might be possible for Croatia to bring forth the remaining indicted war criminals, but we need 100 per cent. co-operation if Croatia is to move any further forward. If she does not mind, I will write to her about the Maghreb, as the issue is wider than the one country to which she referred.

The hon. Member for Rayleigh began by referring to birds as pretty young women. I will have to refer him to the Leader of the House. As she is also Minister for Equality, she will doubtless put him on the naughty step and send him off for training in political correctness. However, I have a horrible fear that it might not work.

The hon. Gentleman referred to Copenhagen and the common agricultural policy, which I have already mentioned. On the Lisbon agenda, he seemed to suggest that the Swedish Government were arguing for radical cuts in public spending and that one of the problems in Britain was the level of public spending. In Sweden, the level of public spending is significantly higher than in the UK and historically its level of taxation has been considerably higher. I am therefore not sure that the Swedish Prime Minister would agree entirely with the way in which the hon. Gentleman cast his views.

I believe that it would be wholly inappropriate at this point in the economic cycle, while there is a worldwide recession, for Britain to cut its public spending. It is right to allow borrowing to grow at the moment. I realise that the hon. Gentleman disagrees with us. I realise that he will beg, borrow and steal friends who might even half agree with him on the matter. However, I do not think that many people in Europe have argued that the whole of Europe should be cutting back. In fact, the European economic recovery plan, which stretches to nearly 5 per cent. of gross domestic product, has made a significant contribution.

I am inspired: of course we support the EU High Representative in Bosnia.

Mr. Francois: What about Russia?

Chris Bryant: I was just about to move on to Georgia and Russia, if the hon. Gentleman will allow me. He knows perfectly well that we are concerned about the position that Russia has adopted. The Council of Europe grouping in which his party sits includes members of the Russian Government. He might wish to raise some of the issues he has mentioned with them in Council of Europe meetings. He is right that we would have preferred all three monitoring groups to have continued in Georgia. We believe that Russia is acting inappropriately. We are only grateful that because Russia is not a member of the European Union, it cannot decide whether the EU will continue its monitoring presence in Georgia, to which we are committed.

I hope that I have answered the hon. Gentleman's questions about Bosnia and Herzegovina. He raised several issues about the Lisbon treaty, in particular on the external action service. He knows perfectly well what my views are about that because we have debated those matters in Committee. Nobody is progressing the external action service. He can check the record from the last time I was asked about the matter. I assure him that we are not proceeding on the assumption that the Lisbon treaty will be implemented, but are looking at all possibilities.

I hope I have answered all the questions that hon. Members have asked.

Question put and agreed to.

5.1 pm

Sitting adjourned.

Westminster Hall

Tuesday 7 July 2009

[SIR NICHOLAS WINTERTON *in the Chair*]

Steel Industry

Motion made, and Question proposed, That the sitting be now adjourned.—*(Steve McCabe.)*

9.30 am

Sir Nicholas Winterton (in the Chair): I welcome all Members to the first Westminster Hall debate this morning. It looks comfortably attended, and I have no doubt that it will be interesting. I have great pleasure in calling the right hon. Member for Rotherham (Mr. MacShane) to open the debate.

Mr. Denis MacShane (Rotherham) (Lab): Thank you, Sir Nicholas. Any debate that you chaired, even if it consisted of only one speaker, would be interesting.

We are here to discuss the steel industry. I am glad that my right hon. Friend the Minister for Regional Economic Development and Co-ordination is to reply, because those of us who know her in her role as the Minister for Yorkshire and the Humber know of her dedication and her hands-on, let's-go-and-see-what-can-be-done approach. I hope that at the end of this debate she can convey the message to her colleagues in Government that we need a slightly better co-ordinated response than we have had until now.

I asked for this debate because the announcement of hundreds of steel industry redundancies in my constituency and in the neighbouring constituency of my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) is causing deep distress and concern, particularly as it appears that many of the redundancies will be compulsory. Much of the previous reduction in steel industry employment in south Yorkshire and elsewhere has been on a voluntary basis, but this situation is serious indeed.

There are many aspects of the crisis, but the basic message is simple: under the Conservatives, Britain lost its coal-mining industry; under Labour, Britain must not lose its steel-making industry. I wish to make a series of concrete proposals that I hope will stave off the worst of the impact of job cuts. I do so not with false hope nor a promise of what is beyond the power of the Government, the company or unions to deliver, but I have been raising concerns about steel across the board for the past two or three years, particularly in the past year as the worldwide recession began to develop.

Let us be clear: this is not a made-in-Britain crisis. Exports are plunging faster in Germany, unemployment is rising faster in Spain and America, and the economy of Japan may shrink by up to 12 or 15 per cent. On comparative terms, difficult as it may be for some to understand, Britain is perhaps better placed than most of our big OECD partners. But have we got sufficient grip in responding to the crisis in the steel industry? Has there been sufficient co-ordination and co-operation between Departments—I have to say politely that I do not think that that is the case—or, indeed, between the company and the union?

Corus has to ask itself hard questions. Would its dealings with the Government not have been more fruitful if, instead of its go-alone approach, it had co-operated fully with the main steel union community to work out common positions? The outgoing chief executive officer of Corus, Mr. Philippe Varin, and the new CEO, Kirby Adams, are open and friendly. They meet MPs, and they put their cards on the table. I am not making a personal criticism, but a structural approach in which the company and the union spoke as one to the Government could have borne better fruit.

Dr. Hywel Francis (Aberavon) (Lab): I congratulate my right hon. Friend on securing this debate, and on his outstanding and sterling work in defending the steel industry, particularly in his constituency of Rotherham. He makes an important point about Government intervention, but does he agree that the Welsh Assembly Government and their ProAct scheme, which resulted from discussions, particularly with the steel union community of which he and I are members, has made a significant difference? Does he agree that it should be rolled out in England as well?

Mr. MacShane: I fully agree with my hon. Friend. The scheme shows the devolved Government in Wales working well. Perhaps I should have put it on the record when I began speaking that I am a member of the trade union community.

The position of the steel industry is as it has always been: steel is the canary in the coal mine of global capitalism. Whenever a crisis is about to break, steel is hit hardest and early. Steel stocks are sold but not renewed, orders do not come in and the steel companies panic. Their answer is always the same: cut down on staff even though labour costs are a small part of total steel production costs.

We are dealing with Corus, which is part of the Indian conglomerate, Tata Steel. I know Tata from my work as an international trade union official. It is a caring company that has always sought to look after its employees, which is why I supported its takeover of Corus, just as I supported the merger of British Steel with the Dutch company. I argued in the 1990s for the newly privatised British Steel to seek European and global partners, but British Steel's parochial and provincial leadership after privatisation was poor and without any strategic vision.

Tata is a successful, profitable company. Its turnover for the financial year 2009 was $29 billion, up $3 billion from its turnover of $25.8 billion in the financial year 2008. That was on a smaller tonnage of steel delivered: 28.54 million tonnes in the financial year 2009 compared with 31.68 million tonnes in 2008. One can actually make money out of steel while producing less, if the prices are right and there is enough demand.

Tata's profit before tax this year was $2.13 billion dollars. We are not talking about a bankrupt or cash-strapped company. Corus figures in Europe were also strong: turnover increased in the financial year 2008-09 to $21.4 billion, with higher prices offsetting lower output.

The men whose jobs have been lost in two major Corus cost-cutting exercises in the past 18 months have contributed to the survivability of the company and its continuing strong profits. It is sad that it appears that

[Mr. MacShane]

the only way the good ship Corus can stay afloat is by throwing overboard or sinking its hard-working and loyal employees. My first demand today is for Corus to accept its duty of care to the steelworkers who deliver profits for its shareholders and large salaries for its executives.

I welcome the fact that the furnaces at Rotherham and Stocksbridge have not been shut down. The British Chambers of Commerce report today that the worst of the recession may be over. Insha'Allah—let us hope so. The stocks of steel and cars that have been waiting to be sold are now being sold, thanks to the scrappage scheme.

The most important policy objective that this or any Government could follow is to maintain demand. Corus says that the best help it could have is stimulation of demand. The leaders of the world's steel community at the OECD steel committee meeting in Paris on 8 and 9 June noted that the best help that steel can have is continued Government stimulus aimed at long-term growth. In that regard, the constant attacks by the Conservative party and the right-wing press on the Government's demand-side policies are deeply damaging to the future of steel. The right response to an economic recession is not to stop spending but to maintain investment programmes. Minimising debt, as called for by Opposition spokesmen, the BBC and other conservative forces in Britain, would be a one-way road to fewer steel and other jobs.

Bob Spink (Castle Point) (Ind): I agree with what the right hon. Gentleman says about demand. Does he agree that it is in Corus's best interests, and it is its responsibility, to try to maintain capacity? Eventually, the marketplace will work and world demand will come back strongly, especially for niche products, specialist skills and the high-quality steels that British steel focuses on. We must ensure that when the turnaround comes, Corus has the essential skills and the capacity to take advantage of it.

Mr. MacShane: I completely agree with the hon. Gentleman. Of course, the other thing that we must maintain is a strong position in the European Union. That contrasts with the position of his party, which wants to pull us out of Europe. That, of course, would exclude us from so many key markets for steel.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): My right hon. Friend is being very generous in giving way. Would he not agree that the scale of the steel industry and the global nature of steel production make it essential that the Government not only act to sustain demand in this country but work with other countries, particularly the EU but other countries as well, to sustain demand internationally? To cut demand by cutting public expenditure in this country will completely undermine their attempts to do so.

Mr. MacShane: My hon. Friend is right. The Conservatives are like the Bourbon kings, of whom it was said they learned nothing and forgot nothing: they want to return to the politics of the 1980s and 1930s, and we know where that will lead us. The Prime Minister's leadership of the G20 in April showed Britain in the vanguard of creating an international response to the world recession. At the forthcoming G8, he will meet President Sarkozy.

I will not deal with it in my speech, but one of the big issues to be discussed is opposition to any rise in protectionism, which we see in China, Turkey, Russia and potentially in the United States.

Bob Spink: Will the right hon. Gentleman give way again?

Mr. MacShane: No, I really want to finish because other colleagues from steel communities want to speak on this matter.

What must the Government do? I ask my right hon. Friend the Minister to open a channel of communication with Ministers to plug them into the scandal of the overly high prices that our electricity companies charge to industrial users. If hon. Members look at *Hansard* from 8 June 2006, at column 382, they will see that I asked the then Secretary of State for Department of Trade and Industry, now my right hon. Friend the Chancellor of the Exchequer, to take action regarding the fact that electricity prices for industry were much lower in Germany than in the UK—and they still are and no action has been taken.

On 22 January, as can be seen in *Hansard*, I asked the then Energy Minister, now the Minister of State, Department of Health, my right hon. and learned Friend the Member for North Warwickshire (Mr. O'Brien), what could be done, given the rapid decline in oil prices, to get electricity prices down. I do not want to read out the answer that I received, because it was not adequate. I have repeated that point in the House, in letters to Ministers and in private conversations with them, but there has been no grip on this problem of Britain's having much higher electricity charges than the rest of Europe, which has cost the jobs of steelworkers. I ask my right hon. Friend the Minister to put effective pressure on her ministerial colleagues who are responsible for the oversight of these wretched utility companies and ensure fair prices for steel.

We also need joined-up government with the Department for Work and Pensions. My right hon. Friend the Member for Wentworth (John Healey) and my hon. Friend the Member for Sheffield, Hillsborough had a good meeting with Lord Mandelson and his ministerial team last month. We asked for a senior civil servant in the Department for Business, Innovation and Skills to be placed in executive charge of co-ordinating Government activity across Departments. Can the Minister tell us the name of that person, and if not will she write and let me know?

One bit of co-ordinated activity would be to use all the DWP's funds, not as stretcher-bearers to help those who have lost jobs, but instead to create in-work training schemes so that some workers can be kept on the company payroll on training or community help schemes, rather than going out the door.

Mr. Ian Cawsey (Brigg and Goole) (Lab): I congratulate my right hon. Friend on securing this debate. I, too, declare an interest as a member of the Community trade union. My right hon. Friend may be aware that I secured an Adjournment debate a few weeks ago, in which I mentioned a joint report from the TUC and the

Federation of Small Businesses on supporting the work force in work. The conclusions of that report were that Government money would be much more wisely spent on that so that industry, especially the steel industry, could keep its work force in place, ensuring that we have the capacity in Britain to meet demand as it increases.

Mr. MacShane: I agree with my hon. Friend. I wish that the civil servants in Whitehall would read these debates and that Ministers would act on the points made by Back Benchers who are a lot closer to the steel industry than others. I will come on to that point in a second.

Undoubtedly, we need to think differently. There is a sense that, in terms of industrial support policy, we are on tramlines that have not altered for the last 25 years: any job reduction is good and anything that a company wants to do has to be accepted, and the Government are powerless, as if decisions about electricity prices or tariffs or how to ladle out public funds to support people in difficulties are immutable things that, like the weather, cannot be altered. The Government must understand their responsibilities and act.

We need to see what can be done to use DWP funds to keep some workers—not all—on the company payroll in training or community help schemes, rather than have them go out the door. In particular, the role of the Communitas training outfit, which has specialised knowledge of steel, needs to be highlighted. I understand that there will be a meeting with Communitas later today, and I hope that the Minister can assure me that the Government will act to press Corus to co-operate fully with it, because that is the only training organisation that originates from the steel community. There are plenty of private training organisations and all the quangos that get a lot of Government money, and I am sure that they do God's work in their own way, but Communitas can do the steel industry's work better than anyone else. Corus must be told that, if it is to get Government help, it must co-operate with Communitas.

In particular, the £5 million that has been announced to help steel must be used jointly with the union and Communitas and must not be a blank cheque given to Corus to use for its own purposes while men go out the door. That £5 million is welcome, but it needs to be increased. The paltry sum of £5 million for thousands of steelworkers contrasts sadly with the new wages of £9 million announced for the new boss of the Royal Bank of Scotland, even though this bank is under Government supervision. Can my right hon. Friend understand—I do not ask her to comment on it—the outrage of families who now have to face the dole while the Government sign off on a £9 million pay package for this greed-soaked bankster? This not a moral maze; it is immoral, and the sense of injustice at the double standard, whereby the rich in the City are protected while the steelworkers of south Yorkshire are sacrificed, should not be underestimated.

In talks with Ministers—my right hon. and hon. Friends and colleagues—they all insist on their ideological commitment that there is not much to be learned from European Union, where different and more innovative policies to support steel are in place. I have heard all the reasons and excuses from Ministers, both at the Dispatch Box and in meetings, but they increasingly sound hollow. When the upturn comes, and it will, we will find ourselves importing steel from Germany, the Netherlands and France because we will have lost the capacity and the will to make steel across the board in Britain. Why are other Governments leading and the British Government lagging? Can we look, for example, at stock-piling some steel products to be sold, at a profit, when the upturn comes?

If a full-scale Dutch or German-style wage subsidy is ruled out, why not a temporary exoneration of social charges on the wage bill, as in Sweden? The Government's refusal not to follow a single European model but to incorporate some of the better ideas from Europe makes the UK much more expensive now for steel operations. Why are we not able to help with credit insurance? Without accessible credit insurance the cost of raw materials and electricity is even higher for Corus. These are arguments about the need to help the industry, though the industry could help itself by working jointly with the Communitas union and presenting a common approach based on showing the jointly decided priorities to Government.

Steel is not like other industrial production. A steel plant cannot be moth-balled. The electric arc furnaces of the south Yorkshire steel industry are a key component in the new green economy, for which my right hon. Friend the Minister is a wonderful ambassador and enthusiastic advocate. But does she understand that Rotherham and Stocksbridge consume about 1.5 million tonnes of scrap metal a year? Where are all the unused, derelict cars going to be stored if they are not swallowed up as scrap by the electric arc furnaces of our region? Are they to be stacked up on street corners?

We marvelled last week at the new roof at Wimbledon, which was made with Rotherham steel. It did not bring Andy Murray quite enough luck, but it will still be there next year, as I hope will he. Half of the steel made in Rotherham goes to the car industry in the UK. If Nissan, Honda and other car manufacturers can no longer source steel in Britain because steel has gone under, they will relocate to the continent to be closer to suppliers of steel as Governments there have been willing to think out of the box and put in place pro-steel job policies.

The 800 jobs threatened in south Yorkshire represent about £3 million in local demand. There is a lot of talk about family policy these days. The best family policy is, and always will be, a secure job with fair pay so that a home can be created and children supported as they grow up. That is now under threat for too many steel communities in Britain.

Labour Members know the devastation that was caused to towns and communities when the Tories shut down the pits. My right hon. Friend the Minister represents those communities in south Yorkshire, and I am confident that she will do all in her power to help, but so far we have had more words than concrete action. It is not too late. If Labour loses steel, Labour loses power. It is as simple as that.

9.49 am

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): I congratulate my right hon. Friend the Member for Rotherham (Mr. MacShane) on securing this important debate. He referred to the impact of redundancies on steel towns and areas, with specific reference to Rotherham

[Ms Angela C. Smith]

and Stocksbridge. The work force in Stocksbridge of approximately 850 will be reduced by 379. It does not need a mathematician to work out that the impact will be serious.

Over the years, Stocksbridge has weathered many storms, most of them from the late 1970s and early 1980s when the Conservative Government did little to intervene in the massive contractions that hit the steel industry. Stocksbridge then employed more than 6,000 people at the steelworks in the valley, but that number was reduced to 600 before increasing to 850.

Steelworking in the area goes back to the 1840s, when the works were founded by Samuel Fox. To this day, the valley is known not as the valley of the Little Don, but as the valley of the Fox, such was the impact of steel on the area. Stocksbridge exists for one reason only—steel. Without steel, Stocksbridge would still be a hamlet of a few dozen houses; instead, it has a population of 13,500. As my right hon. Friend said, the structure of the steel industry in places such as Stocksbridge has a similar effect to that of mining in any pit village. The place exists only because of steel, hence the importance of Corus Engineering Steels, even now, to towns such as Stocksbridge.

Another point that my right hon. Friend made that is worth repeating relates to the quality of the work in Stocksbridge, Rotherham and other places that provide components for niche markets, including aviation—planes have a little bit of Stocksbridge in them, whether in the landing gear or elsewhere—as well as components for the energy, oil and gas industries, and increasingly for the new green technologies, such as turbines.

If Britain is to specialise in high-value steelworking, Stocksbridge is at the niche end and highest value end of that market. Its specialisms are such that previous attempts to move steelworking capacity elsewhere have always led to its return to Stocksbridge. Attempts have been made to close the operation in my constituency, but it has always come back because the skills required to produce steel are so specialised that it has not been possible to maintain production without returning to the area. That is not surprising, because its 160 or 170 years of specialist steelworking and secondary skills in metallurgy and so on are second to none.

A long history of steelworking does not give an area an automatic right to survive, but that long history and the skills that have been built up over generations in areas such as mine means that Stocksbridge, Sheffield and so on have a right to be supported by maintaining the steel industry in their areas. What is made in Stocksbridge will be critical to the economy as it goes into an upturn. We hope that green technologies, the energy industry, aviation and the automotive industry will soon move into more positive times. Companies such as Corus will then be critical if British manufacturing is to exploit the new opportunities that will be available in the long term.

We all know why we are where we are with Corus. Demand is down and Stocksbridge is working at 25 per cent. capacity. Energy prices have crept up, as my right hon. Friend said, and it was inevitable that redundancies would be announced. We all hoped that those announced at the beginning of the year would be the only ones, so the latest announcements have been soul destroying in places such as Stocksbridge. Many of those who worked at the plant knew that there was a possibility of redundancies, but they still came as a shock when they were announced. The announcement ran like a tremor through the town: everyone was talking about it, and everyone started to worry not just about the job losses and what they would mean for local families, but about the knock-on effect on the local economy. In a small town such as Stocksbridge, many local businesses exist only because of Corus—even the local sandwich shops exist only because of Corus. On top of that, many contractors, such as electricians and so on, who are not on the Corus payroll depend on Corus for their survival and livelihood.

What can the Government do to support UK steel, and Corus in particular? First, as my right hon. Friend said, continuation of the Government's economic stimulus is critical. The car scrappage scheme has been helpful to Corus; it should continue and, if possible, be expanded because it has done a great deal to help UK steel, and it could help a great deal in Corus's fight for survival.

Secondly, we would like the Department—I hope that the Minister will comment on this—to do more to stabilise energy prices in the industry, which have been a huge and ongoing problem for a number of years. Since I came to the House, both Corus and the community have told me repeatedly that the price of energy, compared with that of our European neighbours, has been a key problem for Corus's competitiveness. The more the Department can do to help to stabilise energy prices, the better it will be for the company in the long term.

Thirdly, if our Prime Minister is to engage in discussions with the French on Anglo-French collaboration on infrastructure projects, with nuclear power being a key part of that, I hope that he will do his best to ensure that British industrial interests are well represented in those discussions. British manufacturing could have a key role in building the future infrastructure of the UK and France. We know that the capacity potential for British manufacturing and specifically steel to fulfil the requirements of the new generation of nuclear power plants to be built in this country is around 90 per cent.—it is possible for UK steel manufacturing to provide up to 90 per cent. of the components required for the new generation of nuclear power plants. There are European rules on competition and so on, but it would be good to know that the Government are doing all they can to ensure that UK steel manufacturing is well placed to exploit the opportunities that will be available. Our Prime Minister can play a key role in delivering that.

A £5 million training package was announced two weeks ago. My right hon. Friend referred to ProAct, which is a Welsh scheme, and I understand that a similar scheme in England would cost around £44 million. The Department should consider introducing such a scheme. If the Welsh can do it, why cannot the English? I would like to hear from the Minister today how the Department is working with Corus to ensure that that £5 million is well used and delivers what it needs to deliver. It is a small sum. I agree with my right hon. Friend the Member for Rotherham that we need much more such money, but we need to ensure that the money that has been provided is used properly—used to secure the long-term future of the plants in Stocksbridge and Rotherham. What is the status of the Minister's discussions

with Corus, and what commitments is she trying to secure from Corus on the proper use of that money? We need guarantees from Corus that the money will be used to secure the long-term survival of the company in South Yorkshire. That is critical—from my point of view, it is the most important aspect of the discussion today.

Why is steel so important? It is easy for people who live in Sheffield to forget that others do not necessarily consider steel to be so important. Sheffield was once the largest steel producer in the world and stainless steel was invented in Sheffield, so it is easy for us to forget. We have to ask ourselves the question again and again and to remind people why steel is important, because we in South Yorkshire take it for granted.

Steelmaking is a primary economic activity. As my right hon. Friend pointed out, it is a barometer of the health of the economy and of the health of British manufacturing. Given that in recent debates, it has been recognised that we have become over-dependent as a country on financial services and the service economy and that we need to rebalance the economy in favour of manufacturing, now is the right time to think properly and strategically about the future of steel, because steel is a critical part of any manufacturing economy such as ours. In particular, Corus Engineering Steels is a critical part of the steel industry because of its production of components for the niche end of the market and because it represents exactly where the UK needs to be in terms of manufacturing—at the very top of the highly skilled, high-value end of component manufacturing.

Several hon. Members *rose—*

Sir Nicholas Winterton (in the Chair): Order. Before I call the hon. Member for Newport, East (Jessica Morden), I should like to help hon. Members by informing them that it is my intention to start the winding-up speeches at 10.30, because I want the Minister to have the full amount of time to respond to what is clearly a very important debate. That is advice to hon. Members to indicate how long they can speak for, and perhaps to indicate, if Members have not thought of speaking but would like to, that there is still an opportunity to get in. I call Jessica Morden.

10.3 am

Jessica Morden (Newport, East) (Lab): I shall speak briefly, Sir Nicholas.

I congratulate my right hon. Friend the Member for Rotherham (Mr. MacShane) on securing this very important and timely debate. He made a convincing case for more Government support for the UK steel industry without, as he said, offering false hope. In my constituency as in many others, the dramatic drop in steel demand has had a tragic impact on workers and families. The job cuts announced by Corus in January have led to more than 500 losses at Corus in Llanwern, with the mothballing of the hot-strip mill. That has been a devastating blow for the very loyal and dedicated work force, who have stuck with Corus through thick and thin, not to mention the knock-on effects on contractors and suppliers.

During the current recession, steel has been hit more quickly and more severely than expected. We all understand that the industry faces extreme difficulties, but before the recession, companies such as Corus were making extremely healthy profits, and I agree with my right hon. Friend that we must avoid, where possible, short-term decisions that affect the long-term future of the steel industry as a whole. In the past, knee-jerk reactions have affected sites such as Llanwern in my constituency and we should do everything that we can to avoid that now.

As chair of the all-party group on steel and metal, I thank my right hon. Friend the Minister for Business, Innovation and Skills for agreeing to come to a meeting of the group before the recess. That follows up the steel summit held by the group in May, at which representatives of the industry and the unions had the opportunity to voice their concerns and have a full and frank discussion with the Secretary of State. I look forward to my right hon. Friend the Minister reporting back on progress made on the issues that we discussed, including, as has been mentioned, action to stimulate demand for steel through the construction and automotive sectors and the car scrappage scheme; assistance with trade credit insurance; and security for energy purchases and prices. It is clear that the burden being placed on the industry by energy companies is unreasonable and unfair; I am thinking especially of the demands to pay up front. That problem could worsen as the country emerges from recession. Traditionally, most bankruptcies occur when companies' working capital increases as they start to ramp up production. If energy suppliers continue to demand those payments up front, that will put an even greater strain on resources.

Most crucial is the retention of skills in the industry. It would be helpful if the Minister responding to this debate talked about that. It would also be helpful to have her feedback on the commitment made during the steel summit about working groups with industry and the Department to consider the issues in detail. It would be useful to know what progress has been made on those groups and how often they have met.

Other European countries are helping their industry through problems such as that relating to trade credit insurance and are offering, for example, generous arrangements for short-time working. We need to ensure that we have a level playing field to allow us to compete. We need progress on the measures now, because the benefits in all the areas that we have discussed today will undoubtedly take time to filter through to the industry. Momentum will certainly gather with measures such as action to stimulate demand, but every day is crucial, and we need help to come as soon as possible for communities such as mine in Newport, East.

10.6 am

Mr. Elliot Morley (Scunthorpe) (Lab): I, too, congratulate my right hon. Friend the Member for Rotherham (Mr. MacShane) on securing the debate. It is important for all our communities and I am pleased to see how many hon. Members from the all-party steel and metal group are present, representing their steel communities. We all have a common interest and a common cause.

Like Stocksbridge, Scunthorpe was built on steel. Before the discovery of ironstone, Scunthorpe was no more than five small villages. There have been enormous structural changes over the years, but the work force have responded with dedication and skill and have kept

[Mr. Elliot Morley]

production up, even though fewer people have been employed. However, although Scunthorpe has fared better than many plants in recent times, the recent announcement of 500 job losses is a very heavy blow to the town. Of course, it is a blow not just to steel production and the steelworks, but to the whole local economy, because those are good jobs with decent pay. Taking those jobs out of the local economy has a knock-on effect all the way through the economy—on other jobs, other industries, the supply side, services and manufacturing.

In addition, we do not know what the future will bring. I endorse what my right hon. Friend said about the pressures on steel and about the pressures being global. This is not a national but an international issue. Other companies all over the world are suffering in the same way as we in the UK are.

It is important that we work together to forge partnerships and to seek common cause. There should be common cause between the trade unions, management, local authorities, the regional development agency, Government and ourselves as local Members of Parliament representing our communities and the people who work in the steel industry. The Government can take a wide range of measures to help steel, but I accept, as my right hon. Friend said, that the Tata group is a very profitable group and it has some responsibilities in relation to seeing Corus get through the current period.

One advantage of being part of a very large conglomerate is that there is some shielding from downturns, which of course are not unknown in the steel industry. Many of us have been through many downturns. In the past and particularly the 1980s and '90s, the first thing to go was jobs. I take a lot of encouragement from the fact that Corus and the Tata group have had a more thoughtful approach. They have genuinely been trying to minimise job losses and find savings in other areas, which is exactly the right thing to do.

With my hon. Friend the Member for Brigg and Goole (Mr. Cawsey), I recently held a meeting with all the trade unions in Scunthorpe to talk about how we as local MPs could work with the unions, the company and the local council, all of which are committed to seeing us through the present difficulties, to help the steel industry, which is so important to our whole economy. Some of the issues that we discussed have been touched on in the debate and they include support for UK manufacturing. Manufacturing is an important part of our economy, but it has not had the support that it deserves.

Sometimes, a small intervention can make a huge difference. One example is the car scrappage scheme, which is having a beneficial effect. Car manufacture is not a major component of output in Scunthorpe, but some companies there supply the car industry, and there is a knock-on benefit right through the economy. That is an example of a successful scheme that the Government have put in place.

We could bring forward major infrastructure projects, such as Building Schools for the Future and the construction of new health centres, as well as road and rail improvements, which the Government have announced and which I very much welcome. A lot more could also be done on social housing and house building, which help with demand for steel and make a useful contribution to our economy.

We could promote major investment in new clean energy. We will have to have an awful lot of new power stations in the very near future. The growth of the green economy has real potential for steel manufacturing, and the Prime Minister very much believes in it, but a great deal more could be done.

We need to consider anti-dumping measures. There have been allegations of slab coming in from Ukraine at prices that are below the cost of production. We need to be wary of that and to watch what other countries are doing to ensure that there is no trade distortion. We also need to look at what we can do to promote world demand, as the Prime Minister has been doing through the G8 and the G20.

We need to explore ways to support the work force and companies in minimising job losses. We could be put at a serious disadvantage compared with what other European countries are doing to support their work forces through wage subsidies. I know the arguments on that subject and I know that this country opted out of an EU scheme in the '80s, when anything to do with the EU was anathema, but it is at times like this that one can see the benefits of the EU, because European countries such as France and Germany are getting the benefits of the social systems that are in place.

The Welsh ProAct scheme has been mentioned, and it seems to be very successful. My right hon. Friend the Minister should look at it carefully to see how we can help through initiatives such as Train to Gain, which has been used quite successfully. How can we use support for skilling and temporary support for the work force to reduce job losses in this difficult period? We also need to ensure that UK manufacturing and UK steel get a fair share of Government contracts.

Energy prices are an issue—a complex one, as I know from my work on the Select Committee on Energy and Climate Change. It is fair to say that deregulation in the UK brought advantages for manufacturing and domestic consumers, but there is a bit of a disparity between UK and European prices. The price of gas is competitive in European terms, but the price of electricity is not, and questions need to be asked about why those disparities exist between the UK and the rest of Europe.

In some parts of the steel industry, credit insurance is a problem. I would have thought that the Government could do something to support credit insurance and to put in place measures to provide some underpinning. I hope that the Minister will look at that.

Finally, there is the question of partnerships. Steel is crucial to our local economies and to our national economy. It is in all our interests to ensure that we have a successful and viable steel industry, because steel production is part of the manufacturing base. It is important that we all work together and that the Government, the company, the trade unions, local authorities, regional organisations and trade organisations look at what we can do to ride out the world storm and ensure that we have a successful and viable steel industry in place to take advantage of the inevitable upturn. In relation to the steps being taken in other parts of Europe, we must not put our industry—steel or manufacturing—at a disadvantage. That is the

Government's responsibility, and they have introduced some very helpful and successful measures, but the points that I have raised need to be carefully considered.

10.14 am

Mr. Richard Caborn (Sheffield, Central) (Lab): Sir Nicholas, you and I have shared a great interest in manufacturing over many years in this House. As somebody who left school at 15 and served an apprenticeship in the steel industry, I can say that I have steel in my veins. That is why it is said to be having this debate. It is particularly sad given that the steel industry in this country was probably one of the most productive and competitive in the world. The management and the work force had come together, but some irresponsible financiers around the world have brought the economy of our nation and those of many others to their knees. We are now seeing the consequences of that in the announcement by Corus.

I stress—I know that the Minister will take this back to her colleagues in the Government—how important it is that we understand the comment by my right hon. Friend the Member for Rotherham (Mr. MacShane) and my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) that the steel industry is important to this nation's wealth-creating base. Governments now face a range of challenges, but that is particularly true of those who allowed their economies to develop into service economies, as my right hon. Friend the Member for Scunthorpe (Mr. Morley) said. We now need to reposition our economies and move them back a little in the direction of wealth creation and manufacturing, and steel is very important in that equation.

The steps that the Government have taken to stimulate the demand side of the economy are laudable and will probably mitigate the worst effects that we might have seen, as will the action taken by our Prime Minister at the G20 and the action that he will take at the G8 later this week. However, the importance of the steel industry is sometimes not understood in Whitehall. Had it not been for the steel industry, the RB211, which is probably one of the greatest aerospace engines the world, would never have got into the skies. Had it not been for the steel industry in Sheffield, Concorde would never have flown. Had it not been for the steel industry in Sheffield and the surrounding area, including Rotherham—I take a little exception to what my right hon. Friend the Member for Rotherham said about the cover at Wimbledon, because I do not think that all the steel was made in Rotherham, but we will debate that later—we would never have been able to extract oil from the North sea. The North sea is the most difficult terrain in which to extract oil, but we did it because of the brilliance of the engineers and the steel manufacturers in South Yorkshire.

We are now entering a nuclear renaissance and, as my right hon. Friend the Member for Scunthorpe said, we are moving into the green energy sector and green energy industries, which will involve not just hundreds of millions, but billions of pounds. We need to get into the supply chain as we have in the past. The British steel industry is at the start of the supply chain.

Detailed discussions are taking place with companies such as Forgemasters about investing in 15,000-tonne forging presses, which are among the largest in the world. If those discussions are successful, they will give the country a lead in the nuclear sector, which will be very welcome. I hope that the discussions reach a fruitful conclusion, because that would send a good message that we believe in the steel industry and in British manufacturing and that we will move our economy more toward wealth creation than toward the service sector. That is not to knock the service sector, which is important, but it is also important to get the balance right.

The skills base in the steel sector, which is probably one of the most productive and competitive in the world, must be supported in the current situation, which is not of the sector's making. This is not the '80s or the '70s, when we were unproductive. We are talking about some of the most productive work forces in the world. In a few years' time, if we are not careful, we will be saying, "What the hell were we doing? Why didn't we keep this skills base?" You know, Sir Nicholas, that in the early '90s we were arguing about the skills and manufacturing base of this nation. Lord Heseltine, as President of the Board of Trade, said, "Do not disband those work forces—those design engineers and development engineers," but what did we do? We disbanded them, and we are now paying a massive price for that. Let us not do that again.

The Government have done a first-class job to date on the demand side. We must make sure that we keep the strategic work forces together and do anything that we can, as my right hon. Friend the Member for Scunthorpe says, to bring those partnerships together to see us through this difficult time. The present difficulties are not of our making.

Ms Angela C. Smith: Does my right hon. Friend agree that the now generally very good relationship between the union and community and the steel industry is a good reason to support the industry in these difficult times?

Mr. Caborn: I could not agree more. Even though it is difficult for Government, we must look at the matter strategically and ask, "Is this an investment for the nation in keeping the skills base of the sector together, whether that means Corus or other areas?" That is the question that we must ask my right hon. Friend the Minister, so that she can take it back to Whitehall and, through her persuasive powers, make sure we reach a satisfactory solution. If we allow the work force to be broken apart, it will be difficult for them to come back, and we will pay not just a human price, which is very important, but an economic price, because we shall not have the skilled work force to create the wealth that the nation wants when the upturn comes.

I hope that my right hon. Friend the Minister will take what has been said back to Whitehall and knock a few civil servants around, because sometimes they do not know a right lot about manufacturing. Occasionally it would be nice to invite them to the north to see how we operate; but we will educate them, I have no doubt, from the leafy suburbs of London. I am sure that my right hon. Friend will do a first-class job in Whitehall.

10.21 am

Lorely Burt (Solihull) (LD): I add my congratulations to those that other right hon. and hon. Members have expressed to the right hon. Member for Rotherham (Mr. MacShane) on securing this important debate.

[Lorely Burt]

The picture that several hon. Members have painted of what the steel industry faces is grim. There is an approximately 50 per cent. fall in demand. It is a worldwide phenomenon, and in Europe recovery has been described as some years off. That means that there may be massive overcapacity in our steel industry for some years to come. The effects of that can be seen in the closely allied construction industry, which is on its knees, and the automotive industry, which is suffering greatly. Although several hon. Members have mentioned the scrappage scheme as a stimulus, there are still car manufacturers on the brink of disaster because promised help to the automotive industry from the Government has not yet materialised. I hope that, although it is not part of today's debate, the Government will take that fact on board.

Steel is vital to the future of manufacturing, but, as several hon. Members have mentioned, we must not forget the supply side—the chain of smaller individual companies such as design engineers, whose predicament is just as bad as, if not worse than, that of the steel manufacturing side. It is incumbent on us to consider the plight of those businesses as well, and ensure that as much as possible is done to protect them.

Corus has already shed 2,500 jobs this year. On 26 June it made an announcement about a further 2,000 jobs, most of them in the UK. We have not talked a great deal about Teesside, but the fact that the consortium tore up the deal to take 80 per cent. of the output in Teesside is a matter of extreme worry to the workers there. In Port Talbot the picture seems somewhat better. The way in which the work force and management have worked together to make £150 million of savings is a fantastic, salutary lesson in partnership. Port Talbot would appear to be in great shape to survive the worst exigencies of the recession. Only 1,000 jobs remain in west Yorkshire, apparently, out of 6,000 10 years ago, so it is incumbent on us to make sure that we do not lose the tremendous skills that hon. Members described earlier. We must keep the core base of skill and ability.

The hon. Member for Sheffield, Hillsborough (Ms Smith) has talked movingly about the quality of the work that we do in this country in manufacturing, which is not lauded loudly enough. We do the clever stuff. Right hon. and hon. Members have talked about the oil industry and our managing to create the means of access to North sea oil from the most difficult parts of the North sea. The effect of the redundancies is felt in every part of the communities that the companies in question serve, right the way down to the sandwich shops that the hon. Lady mentioned. The right hon. Member for Scunthorpe (Mr. Morley) spoke very well about the importance of a multi-agency approach and how all agencies and everyone involved in the community, including Government agencies, quangos and local authorities, can get together to work for the most productive way of surviving in these times.

What is the solution? I gather, although he has not mentioned it this morning, that the right hon. Member for Rotherham has called for redundant staff to be paid £20,000 per annum and to be given public sector or community work. We have also talked at some length about wage subsidies. The Government have rejected those, and I tend to agree about the problems, such as the dead weight problem of subsidy being given to people who would have received payment anyway, and the fact that we cannot be compared with the rest of Europe, because in the UK unemployment benefits are not 60 to 70 per cent. of an individual's wage. The cost of employment subsidy elsewhere in Europe is minor relative to what would happen in the UK. In addition, an unfair playing field is created when one company uses employment subsidy and another does not.

Ms Angela C. Smith: The call for short-time working subsidy relates not necessarily to the individuals but to a strategic argument about ensuring that workers do not walk away from an industry with an important future in UK manufacturing.

Lorely Burt: The hon. Lady makes a good point, but there are other ways to protect skills. The Government have announced £5 million to be spent on enabling skills to be retained. In the context of the thousands of jobs that we are talking about, it is something of a drop in the ocean, and I shall be grateful if the Minister will discuss how that sum will be utilised. How thinly will it need to be spread for workers throughout the UK to benefit?

A number of hon. Members spoke of the Welsh ProAct programme. The jury may still be out on its effectiveness, but I would not close the door on any sort of wage subsidy. It is worth considering, particularly if vital skills can be protected.

What can the Government do? I have already mentioned the £5 million that they have offered. Several hon. Members mentioned trade credit insurance. Having called for help to be given to companies experiencing difficulty in obtaining trade credit insurance, I was delighted recently to hear that the Government have introduced a scheme to share some of the risk with insurers. If the steel industry and its suppliers are still experiencing problems in obtaining such insurance, I would ask the Minister to consider what can be done.

Right hon. and hon. Members have mentioned energy prices. I shall be interested to hear from the Minister whether anything can be done to smooth the trends in energy prices. Their unpredictability is causing so much difficulty for steel manufacturers and others. Another factor that the Government could consider is procurement. The Olympics is a prime example; the Government could ensure that British steel is procured for construction, as it would help our aspirations.

The right hon. Member for Scunthorpe spoke of renewable energy. Wind turbines, transport infrastructure, home building, building schools for the future and many other creative ways of using steel have been suggested to the Government. To their credit, the Government have made a large number of announcements. The House would like to see those announcements materialise and become a reality. Warms words are great, but they will not create jobs unless the Government put their money where their mouth is.

The United Kingdom is a great place to do business. We have the best in innovation, we have a brilliant infrastructure, we have a flexible work force, and we have lower labour on-costs than many other countries. Steel is at the forefront. If we do not have steel, we will not be able to go forward with any of the areas of manufacturing that I have mentioned. The Government

must support the steel industry, or the threats to steel in Sheffield and elsewhere may cause the unkindest cut of all.

10.33 am

Mr. Mark Prisk (Hertford and Stortford) (Con): It is good, Sir Nicholas, to see you in the Chair. May I add my words of commendation to the right hon. Member for Rotherham (Mr. MacShane) for securing what has been a timely debate and for his typically forthright remarks. Although our views of history may not be entirely shared, I enjoyed his line—I suspect that most here this morning will not have noticed it—of saying that the BBC was a force of conservatism. That was particularly entertaining. However, I agree with him on the question of protectionism. If it does not embarrass him too much, may I say that I think we agree on that?

The country has been producing steel for longer than almost any other nation. As the home of the industrial revolution, Britain retains a strong reputation for quality of finish, especially in the production of higher value products, as the hon. Member for Sheffield, Hillsborough (Ms Smith) rightly pointed out. However, we are far from being the largest producer, as we heard this morning. Indeed, figures show that Germany, Italy, Spain and France now produce more than the UK.

Even before the recession, there was a worrying decline in UK steel production. In 1997, output stood at 18.5 million tonnes, a level retained for much of the 1980s and 1990s. Since then, however, production has fallen. At the beginning of 2008—before the recession—output stood at 13.5 million tonnes. That was a 27 per cent. fall in steel production, but it occurred during a period of global growth. Will the Minister explain why, during those years of growth, steel production in the UK fell so far and so fast?

Allied to that fall is the fact that energy prices have badly affected heavy industry. As the right hon. Member for Rotherham pointed out, steel production is self-evidently energy-intensive. Energy prices have a tremendous impact on the competitiveness of UK steel producers and their suppliers; yet, despite that, the Government's data show that average industrial electricity prices rose by 111 per cent. in real terms over the past five years; and, as a number of hon. Members said, average industrial gas prices rose even further—by more than 130 per cent. in real terms. Those rises have outstripped rises in most of those countries with which our steel producers must compete. Will the Minister explain why UK industrial energy prices have risen so much, especially when compared to those of many of our competitors? What does she say to those in the industry who blame the Government for failing to address the problem before it became a crisis?

Members rightly spoke of the value of steel production to the UK economy. As a passionate supporter of manufacturing, Sir Nicholas, you will know that access to working capital is vital. It is the lifeblood of major industries. That is why, last November, the Conservative party set out its plan for a single national loan guarantee scheme. Worth about £50 billion, it would be available to all sectors and to all viable businesses, irrespective of their size. By making the rules common and clear, we believe that such a scheme would ensure that businesses had access to the working capital that they clearly need.

In contrast to that, a plethora of ideas has been announced by the Government. My worry is that, to date, they have all too often failed to deliver the actual finance. I take the automotive assistance programme as an example. Car production is a crucial consumer of steel, so helping that trade would not only help the car plants but help the steel workers of Sheffield and Rotherham.

In January, Lord Mandelson announced the automotive assistance programme, telling us that it was open for business. Since then French, German and American Governments have delivered financial aid, specifically to their car producers. The money is in their bank accounts. However, despite the promises of Lord Mandelson, not a single penny has been received by British car firms. Why not? Ministers talk about providing real help. Why, under the current Government, are our car firms the last to receive the help that they have been promised? Perhaps the Minister can tell us.

The recession has hit steel hard. The sharp falls in construction, and in automotive and allied engineering production, have led to a sharp reduction in demand for steel. Those sectors represent two thirds of the UK market for steel. In that difficult context, it is not surprising that Corus has recently been struggling to cope. Hence, the company decided in January to mothball some facilities and to cut 3,500 jobs, including 2,500 in the UK.

As we heard earlier, it is the recent announcements about compulsory jobs cuts on Teesside, and in Scunthorpe and Rotherham that are of most concern. It is clear that the company takes a rather different view to the Government. It believes that the upturn is a long way off. On 25 June, the chief executive of Corus, Kirby Adams, told the BBC that the recovery

"appears to be some time off, so it is vital that we take this proportionate and responsible action now. We have to achieve long-term, sustainable competitiveness in a global and over-supplied steel market."

In response to Corus's announcement, the Government have offered £5 million to help to retain key jobs. It would help Members if the Minister could tell us what that means in practice, and who will and will not be helped. Also, what commitments has the company made in return for that £5 million of aid?

Furthermore, it would be very helpful to hear from the Minister what strategic interest the Government place in continued UK steel production. Some have said that Lord Mandelson does not consider steel to have strategic industrial importance. Is that Government policy?

Mr. Cohen: I have been in dialogue with Lord Mandelson's Department—I cannot remember its name because it keeps changing—and know that he has taken a very deep interest in the Sheffield steel industry. Will the hon. Gentleman please tell me where his perception comes from?

Mr. Prisk: That point has been put to me in representations from the industry. It has asked me, "Is this an issue? We can't get a commitment from Ministers." I hope, therefore, that the Minister will make that commitment today. However, I agree with the right hon. Gentleman that we have had too many Ministers in too short a time—I am on to my eighth set of Ministers in

[Mr. Prisk]

my role—so I hope for some stability, and I sincerely hope that the right hon. Member for Doncaster, Central (Ms Winterton) lasts longer than her predecessors.

The redundancies in the steel industry are devastating for the workers and their families. I welcome the Government's announcement of a taskforce to help those in danger of losing their jobs, and I hope that the Minister will set out the exact role of the taskforce, where its limits will lie and its progress to date. Furthermore, will she reconsider some of the rules on the existing retraining packages? Sometimes, retraining and support packages are not available until somebody has been out of work, and on benefits, for six months. That seems to make very little economic sense and is intensely frustrating for individuals who want to move on. They will often have good skills, but will need to retrain and will not want to wait for six months before a programme can kick in. Will she look carefully at the rules and undertake to remove any unnecessary restraints? It is vital that we reskill people so that, as Members on both sides have said, we can get them back into work as soon as possible.

This has been a timely and informed debate and has shown how steel is integral to many parts of the economy—not just manufacturing but across the different sectors. It has also highlighted the urgent need for change, both in rebalancing the economy, as hon. Members have said, and in the way in which the Government support industry. The Minister needs to answer some crucial questions. Why, even before the recession, did UK steel production fall by nearly one third? Why are Government aid programmes not delivering money to the businesses to which it was promised? How do Ministers intend to help workers, from Corus and elsewhere, to reskill and to re-enter work as soon as possible? I look forward to her answers.

10.43 am

The Minister for Regional Economic Development and Co-ordination (Ms Rosie Winterton): As always, Sir Nicholas, it is a great pleasure to serve under your chairmanship. I congratulate my right hon. Friend the Member for Rotherham (Mr. MacShane) on securing what is, as has been recognised, a very important debate. He demonstrated his considerable expertise in the matter as well as concern for all constituents affected. I also thank him for his kind opening remarks about my work, particularly as Minister for Yorkshire and the Humber. The many contributions today, especially by colleagues from the Yorkshire and the Humber region, demonstrate the keen effect on the region of the recent announcements by Corus, although I am obviously aware that other regions have been affected too. We all feel strongly about the knock-on effect that the recently announced reductions in output and employment have had on individuals and their families, on our communities and, as right hon. and hon. Members have said, on suppliers.

My right hon. Friends the Members for Rotherham and for Wentworth (John Healey) and my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) recently met the Secretary of State for Business, Innovation and Skills, and have a follow-up meeting in the not-too-distant future. I hope that I can illustrate that there has been a focus within Government on this issue to establish what can be done to reflect the many concerns raised today by all hon. Members, many of whom referred to the fact that this is a global issue and that steel companies across the world have made huge cuts in output in an attempt to weather the storm of collapsing demand for, and prices of, steel, during a period of de-stocking. Obviously, the UK sector is not immune and has had to cut employment in an attempt to reduce costs and balance supply with demand. Short-term working and pay freezes have also been introduced across the industry.

The hon. Member for Hertford and Stortford (Mr. Prisk) asked about previous falls in steel production during the period of growth. The explanation relates to some of the points made by my hon. Friend the Member for Sheffield, Hillsborough. During that period of growth, the UK steel industry exploited some of its strengths by concentrating on high-value-added steels. Some of the basic bulk steels were being produced more cheaply in emerging economies, such as China, India and those in central and eastern Europe. That was the reason for the change during that time.

Mr. Prisk: I accept the Minister's point—it was a good point—but does she accept the concern, raised by many hon. Members, about the lack of competitiveness of energy prices, particularly in this country? Why has that not been tackled until now? Why did we wait until it became a crisis?

Ms Winterton: I am going to come to that point, which was also raised by my right hon. Friend the Member for Rotherham.

Right hon. and hon. Members set out the number of recently announced redundancies, which, as I have said, are tragic for individuals and their families and for communities. Corus currently employs about 24,500 people in the UK, but after the reductions, that could fall to about 20,000 or less. However, a substantial UK steel business will remain, which we must not lose sight of, if we are to do many of the things that right hon. and hon. Members have mentioned today. Some steel businesses have mothballed plant and equipment and some complete closures have been avoided. It is the job of the Government and others to look at what we can do to assist in such times.

Let me reiterate how important the steel industry is to our economy. My right hon. Friend the Member for Sheffield, Central (Mr. Caborn) referred to some of the work that the Secretary of State for Business, Innovation and Skills has been doing. He will also recall that the Prime Minister and I recently visited Sheffield Forgemasters, which again shows how much importance we attach to the industry.

Let me return to the wider issue of Government support. Obviously, to start with, we considered how to protect the wider UK economy. That is why we intervened in the banking industry. In January, the Secretary of State for Business, Innovation and Skills set out a number of ways to help businesses. Along with regional development agencies and local government, we decided to bring forward billions of pounds worth of infrastructure, to which both right hon. and hon. Members have referred. We are increasing capacity in the motorway and rail network, improving and building new social housing and primary and secondary schools, to which

my right hon. Friend the Member for Scunthorpe (Mr. Morley) referred, focusing on hospitals, energy efficiency, carbon capture and many other green technologies. Such development is vital for stimulating the demand for steel.

In the meetings that Corus had with Ministers, a number of key requests were made. First, there was the fiscal stimulus, and the need to promote the demand for steel by intervening and bringing forward investment. Secondly, Corus mentioned trade credit insurance, which could be used by not just itself but customers and suppliers. We introduced the trade credit insurance top-up scheme as a direct response to the industry's requests. A third request from Corus related to trade credit insurance and energy.

My right hon. Friend the Member for Rotherham raised the issue of energy supplies. Although wholesale electricity prices are falling, the effect will take time to feed through, particularly for those who are locked into long-term agreements. In one case, Corus is looking to negotiate a long-term agreement with Electricité de France. Officials from my Department have met separately with both companies to encourage them to reach agreement. There was a meeting on 3 July, and I will write to Members when I know the outcome. Although commercial decisions are involved, we are considering what we can do to encourage companies to make a mutually successful agreement in that respect.

I want to address the issue of what we are doing with regard to the £5 million offer that has been made to Corus. Moreover, let me mention the support that has been made available to those who, unfortunately, will be made unemployed as a result of the recent announcement. Many hon. Members talked about the Train to Gain initiatives, including one worth £2 million at the Corus Scunthorpe site to support apprenticeship programmes. There has been support for apprenticeships at the Rotherham and Teesside plants and support for Corus employees at the Redcar site. All those plants are being supported by Train to Gain. It is vital that regional development agencies, the Learning and Skills Council and Jobcentre Plus work together to continue to provide that support, which has already been effective.

However, following discussions involving the Secretary of State for Business, Innovation and Skills and the Prime Minister, we are considering ways in which we can effectively use the £5 million of training support. As my hon. Friend the Member for Newport, East (Jessica Morden) said, how do we ensure that when the upturn comes, the people who are working in our steel industry, particularly in Corus, are fully equipped, trained and skilled to take advantage of the available markets? I have met the trade unions, Yorkshire Forward and Corus in the Yorkshire and Humber area. However, wider discussions are going on, and we are saying that £5 million is on the table. We want to consider the points raised by right hon. and hon. Members today. We want to know what Corus can offer in the areas of proper training, skills and job guarantees in exchange for the Government and RDAs working to provide that assistance. That is not a meaningless offer; it is a very real offer and one that has not been made in the past. During previous recessions, Governments stood by and let people sink or swim. They did not say, "This is what we can do in terms of a fiscal stimulus." They did not have regional development agencies, which the Conservative party intends to scrap. The RDAs provide vital help for people, communities and businesses during such times.

Mr. Prisk: Will the Minister give way?

Ms Winterton: No, I will not, because I have only three more minutes. As I said, those are the issues that we are taking forward at this point in time. Questions have been raised about ProAct in Wales. Obviously, certain offers have been made, but so far there has been no take-up. As for the money we have on offer to Corus, we want to ensure that we get good results for the employees of the companies. We want to ensure that it can continue to exist so that the suppliers and the communities can also benefit.

My right hon. Friend the Member for Rotherham asked what was happening in the Department. We have a range of staff working in the Department from the sector unit, the regional policy unit, and the skills and innovation teams. I will pass on the points that have been made about energy prices. I have already had discussions with the Secretary of State and the Minister of State for Energy and Climate Change, and I will pass on the points that were raised in this debate.

Let me assure all right hon. and hon. Members that we do see a future for the UK steel industry. There is a huge commitment to it. I hope that the interventions that have already taken place and those that are still to take place—at regional, national and international levels—will demonstrate that we are a Government who are committed to helping people during these difficult times and looking to stimulate demand for steel in the future.

Sir Nicholas Winterton (in the Chair): We come to the end of what has been an excellent and well-informed debate. I congratulate all right hon. and hon. Members who have taken part.

Teaching Standards (England)

11 am

Mr. Graham Stuart (Beverley and Holderness) (Con): It is a great pleasure to introduce this important debate under your chairmanship, Sir Nicholas. I begin by apologising to the Minister. Having said that I would try to get a copy of my speech to her in advance, I failed to do so. I shall try to be more efficient in future.

Never before have England's young people faced such a competitive environment. The knowledge-based economy demands ever higher levels of skill and education, and the emerging giants, China and India, are producing record numbers of graduates. That is why teachers in English schools are so important. We have no divine right to remain a wealthy and powerful country, and more than ever we are dependent on the quality of the education that we give our children.

I am full of admiration for our teachers. I have visited many schools in my constituency, some more than once, and I have been struck, as you will have been in your area, Sir Nicholas, by the dedication and commitment shown by so many. Teaching is a remarkably demanding profession and not everyone can do it. Moulding the minds of our young people, inspiring them to learn and giving them rigour and academic confidence is no mean task.

I applied for the debate because of the importance of teachers to our national life. Teachers play a crucial role in tackling disadvantage, building cultural understanding, boosting our economic prospects and giving people the wherewithal to enjoy life and achieve their dreams. The quality of those teachers is critical to those outcomes. We need the brightest and the best to be attracted into teaching, and we should make that objective a central focus of Government thinking in education.

Those countries with the best educational achievement, such as Finland, South Korea and Singapore, have one thing in common: they attract the best into teaching. Michael Barber, a one-time education adviser to Tony Blair, has said that

"the quality of an education system cannot exceed the quality of its teachers".

In Tennessee, Sanders and Rivers found that the difference between an excellent teacher and a poor teacher in maths, in terms of student achievement, was 50 percentage points over three years. They also discovered that when teacher effectiveness increases, lower achieving students are the first to benefit, so when teachers are not inspiring or effective, the most disadvantaged suffer most. The Institute for Public Policy Research found recently that a good teacher can improve performance by more than a grade, and separate research published in 2002 found that in secondary schools 53 per cent. of the variation in performance is down to the quality of the teacher.

David Taylor (North-West Leicestershire) (Lab/Co-op): I have agreed with every word that the hon. Gentleman has said so far, but the debate is on teaching standards in schools in England, which presumably includes private schools. Does he agree that the Education Act 1980 should be widened to include private schools such as the one he had the privilege of attending in rural Perthshire, because at present teachers in private schools can operate without qualification and registration? That is not acceptable in 2009, is it?

Mr. Stuart: That goes to the heart of the debate on how to respond to the issues, to which I hope to return, but I am tempted to be discursive for now. Everyone agrees on the need to improve the quality of those going into teaching, and there are two views about how best to do it. Do we raise the barriers to entry and ensure that people have certain achievements before they come in? Obviously, there will be an element of that in any solution. Alternatively, do we need to make it as easy as possible for people to come in and go out of teaching? Perhaps we could make it as fluid as possible and lower the barriers, so that people who can inspire our young people do so.

In a straight answer to the hon. Gentleman's question, I do not agree with him. In fact, I would like more schools to be freer to recruit as they see fit. Just last weekend, someone told me that a private school in Hull had taken on a music teacher who did not have the qualifications, but was a gifted musician who inspired the young people. I believe that she is now the head of music at the school, which is particularly successful in music, so I do not think that artificial barriers are necessarily the right way to proceed, although they may have a part to play.

I shall continue to make the case for the importance of the quality of teachers to outcomes. In Dallas, research into the effect of teachers on student achievement shows that the difference between having three great teachers in a row and having three bad teachers in a row is nearly 50 percentage points in pupil attainment. The evidence of the importance of teachers is overwhelming and consistent. Great teachers transform lives.

We can look at this another way: the impact that a poor teacher can have on pupil performance is every bit as significant. Research published in the "Educational Assessment, Evaluation and Accountability" journal this year looked at the annual progress of more than 73,000 pupils in vocabulary, reading and mathematics between 1999 and 2005. It found that children whose classes were in the bottom 16 per cent. of progress in the reception year performed on average about a fifth of a level worse in their standard assessment tests than those whose class progress was average. By contrast, those whose classes progress most in their first year at school performed about a fifth of a level better. In other words, the quality of teaching, whether good or poor, has not only an immediate impact, but a sustained impact for a number of years. If a young person is turned off learning by a teacher who is unable to inspire them suitably and who does not do a good job, the impact can endure in the following years.

When we look at the matter that way, we can see that it is as important to remove inadequate teachers as it is to attract and retain as many good ones as possible. Ten years after the former chief inspector of schools, Chris Woodhead, claimed that there were 15,000 incompetent teachers in England, it emerged this year that only 10 have been struck off in that period. The General Teaching Council has said that the systems in place for complaining about poor teachers are "virtually non-existent" in many areas, and that two thirds of local authorities have not made any referrals to it about inadequate teachers in seven and a half years.

What is the Minister going to do to put that right? Are the Government taking the issue seriously? Is peace with the unions more important than tackling

disadvantage and underperformance by professionals? Will the Minister explain what has happened and why poor teaching is not being rooted out? Does she have a convincing explanation? How, working closely with those in the professions and unions, can we move from the current situation to ensure that those who teach in our classes are the best they can possibly be?

For the past 30 years, Finnish teachers have needed a five-year masters degree. That is quite different from the English system, notwithstanding the Secretary of State's saying that he wanted teaching to be a masters profession in future. At the moment, applicants are required to have GCSE grade C in maths, English and science, and a degree. The new masters in teaching and learning looks more like an afterthought than a dramatic change. It has £30 million allocated to it in the current spending period, which may not make that much of a difference. I will be interested to hear what the Minister thinks about the quality of the maths and English skills of someone who has scraped GCSE grade C.

In Singapore teachers come from the top 30 per cent. of graduates, and in South Korea from the top 5 per cent. The United States recruits its graduates from a lower percentile than us, and seems to have commensurate underperformance in its schools, so it is critical to get the best people to go into teaching.

Mr. Mark Field (Cities of London and Westminster) (Con): In relation to the earlier exchange, I entirely agree with my hon. Friend that more attention should be paid to ensuring that teaching for the poorest of our pupils is enhanced, rather than worrying too much about recruitment policies in private education.

On the point my hon. Friend just made, I understand the concern about the low educational achievement of some who go into the teaching profession, but does he agree that the single most important factor is that the teacher inspires? One difficulty is that if we are overly prescriptive about the educational attainment achieved by everybody in the teaching profession, we may end up missing out one or two great, inspirational teachers who do not have an outstanding academic record but are brilliant pedagogues.

Mr. Stuart: I agree. It is a difficult balance to get right. The Conservative party's position, as we recently announced, is that people should be required to have a B grade GCSE and at least a second-class degree in order to qualify to enter teacher training. That is how I understand it; my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb) will doubtless give us a master class of explanation later. I might be pre-empting him and getting it wrong at the same time, but as I understand it, the Conservative party proposes to give greater freedoms to academies, for instance, to tackle disadvantage, so that they would have the same freedom to do what the school near my constituency did and take on people without those qualifications.

David Taylor *rose—*

Mr. Stuart: The hon. Gentleman obviously wants to intervene again, because he is obsessed with standards in independent schools. It is interesting to note that hon. Members from this party are more interested in tackling disadvantage in state schools, including those in inner cities.

David Taylor: What the hon. Gentleman says is not true. As he rightly said in the opening remarks of his excellent speech, teaching is one of the great professions, along with medicine, engineering, law, accounting, among others. Those four professions would not allow people to practise without qualification or registration; why should teaching?

Mr. Stuart: I thank the hon. Gentleman for his intervention and apologise for speaking so harshly to him, as he is such a positive contributor to debates on so many topics. The answer goes back to the point made by my hon. Friend the Member for Cities of London and Westminster (Mr. Field) about the ability to inspire. The skill set for an effective teacher is not of the same technical importance—perhaps I am struggling here. If someone has the educational wherewithal to communicate and inspire learning in the pupil, there is not the same requirement for academic standards that there would be if they were about to operate on a vital organ in someone's body.

That is the debate. How do we get the balance right? We do not want to create artificial barriers that limit the supply of people going into teaching. That would have an upward impact on pay, for instance. Contrary to the many myths abroad about how teaching has declined enormously in status, Policy Exchange's report considering the history of the issue found that 40 years ago, the average pay of a teacher was the average pay of the country as a whole, whereas now it is 50 per cent. higher, yet everyone complains endlessly about the lack of status in teaching. From a pay point of view, teachers are a lot better off than they were. It is questionable—Policy Exchange certainly questions it very effectively—whether it is possible for teaching to be seen as having the same status as law, engineering and so on. However, I will come to that in a moment.

Academics at Cambridge and Leicester universities recently conducted a study on the professional status of teaching for the then Department for Education and Skills. When they asked practising teachers which profession they felt had a similar social status to teaching, 40 per cent. said social work. Policy Exchange repeated the exercise with a major survey of a group of professionals and undergraduates, and got exactly the same answer. In status terms, teaching was seen alongside social work or being a nurse, police officer or librarian. Very few felt that being a teacher was similar to the traditionally high-status professions on the list, such as doctor, solicitor or architect.

Policy Exchange also asked more than 1,000 professionals and managers what the biggest deterrent to teaching was. Some 20 per cent. of respondents said the salaries offered, 12.9 per cent. said feeling unsafe in the classroom, 10.4 per cent. said working with children or young people—one would be glad if that 10 per cent. never pursued a job in teaching, however poor employment prospects were elsewhere—and 8.6 per cent. said low staff morale. Those four reasons were also cited by undergraduates asked the same question. The evidence is fairly consistent. Can we alter teaching's low status compared with that of other professions? As I said, Policy Exchange thinks that we cannot, and that doing so would have malign effects.

In 2007, the OECD published its programme for international student assessment survey results for 2006. The results showed a drop in this country's performance

[Mr. Graham Stuart]

relative to other leading nations in Europe and Asia. The OECD has published its survey every three years since 2000, and this country's performance has slipped noticeably since 2000 compared with many other participating countries. For the first time, we fell below the international average in the maths category, coming after countries such as Slovenia, Estonia and the Czech Republic. In the literacy category, we finished 17th, while the top position was taken by South Korea.

The report blamed those shortcomings on the poor quality of graduates entering the teaching profession compared with those in countries at the top of the rankings. A number of statistics back up that conclusion. According to the Training and Development Agency for Schools, in 2005-06, 32 per cent. of entrants to the undergraduate bachelor of education course did not have any A-levels. Of those that did, the average tariff score was 269. By comparison, the average tariff score for medicine was 473, equivalent to almost four A grades, and the overall average was 318, or an A and two Bs. The average entrant to the teaching profession was below the average for graduates overall. Those are the people going out to inspire learning in the next generation.

At the postgraduate level, in 2005-06, 2,000 students entered teacher training with a third-class or pass degree and 34 per cent. with a 2:2. If the hon. Member for North-West Leicestershire (David Taylor) speaks later, as I hope he will, he will doubtless congratulate my colleague the shadow Secretary of State for education, my hon. Friend the Member for Surrey Heath (Michael Gove), on his decision to prevent those with a third-class or mere pass degree from entering educational training.

The Sutton Trust has found that when high achievers who study at the country's top universities do go into teaching, a disproportionate number teach in the independent sector. Some 60 per cent. of teachers at independent schools have a 2:1 or higher, compared with 45 per cent. in the maintained sector. Alan Smithers at Buckingham university found that almost half of the Oxbridge graduates who enter teaching go to teach at independent schools. Independent school teachers are seven times more likely to have gone to Oxbridge than teachers in the maintained sector.

My question for the Minister is: what can be done about it? How can we ensure that the standard of people entering teacher training is improved? We need to make it easier for people to move in and out of teaching throughout their career. I found the argument in Policy Exchange's report compelling. Has she read that report? If so, what is her analysis of its argument about how best to secure "more good teachers", which was its title?

David Taylor: Will the hon. Gentleman give way one final time?

Mr. Stuart: As it is the hon. Gentleman, I will.

David Taylor: We should not be surprised by the figures that the hon. Gentleman quoted about teachers who went to Oxbridge going into private schools. Some 7 per cent. of young people are educated privately, but as much as 50 per cent. of the intake at Oxbridge comes from the private sector, for reasons of which we are well aware. That is likely to replicate itself when those graduates decide where they want to launch their teaching careers.

Mr. Stuart: I take that point on board. None the less, I am sure the hon. Gentleman would agree that it is a shame that a greater proportion of the highest performing graduates who go into teaching do not teach in state schools, in particular in disadvantaged areas.

It will be interesting to hear whether there is new thinking in the Department about how we can incentivise that. Has any more thought gone into national pay scales? If there is a choice in the maintained sector between teaching in a school with great standards of discipline that serves a relatively prosperous area and teaching in one of the most challenging schools for the same money, the tendency will be to choose the former. How can we ensure that we provide proper recompense for people who go into challenging schools? How do we make that seem not only challenging, socially good and good for one's career in the long term, but financially attractive? Those issues have not been dealt with by this Government, but perhaps it is not too late for them to think again about their approach.

That brings me on neatly to the incentives that must be offered to attract the best graduates. Teach First was launched by the Government as a way of allowing the best graduates to go quickly into teaching in the most challenging schools, and we all applaud that. The problem is that far too few people are going through the programme. It accounts for only 1 per cent. of new teachers each year. Just 253 graduates completed the programme in 2008 and the Government plan for just 850 to do so in 2014.

I do not agree with the critics of Teach First who complain that as many as half of those who enter the programme leave teaching a couple of years later. Such extremely talented people go into teaching on the basis that they will be free to move out, that the skills they learn will be career enhancing, and that they will have the satisfaction of going into some of the toughest schools in the country with some of the most entrenched disadvantage and of trying to tackle it. I would not worry about those who leave. The easier we make it for good people to go in and out, the more likely we are to attract more good people in the first place. We do not want to make teaching a monolithic profession that, once entered, can never be left. That would not help us to weed out those with inadequate teaching skills. I would rather focus on the fact that Teach First allows more outstanding young people who might not have entered teaching to stay, and 50 per cent. of them do stay. I would like the programme to be expanded.

The Policy Exchange report reflects the point made by my hon. Friend the Member for Cities of London and Westminster that intellectual ability alone does not make a good teacher, and that being an able communicator and having leadership and empathy skills are just as important. However, it goes on to say that

"there is quite a strong relationship between success in achieving qualifications and performance within schools. Many Teach First teachers, selected out of the group of Russell Group graduates with 2:1s or higher, have a huge impact on their schools within a few years."

The same report, however, published survey evidence showing that just 20 per cent. of undergraduates were

aware of the Teach First programme. Will the Government expand the programme more quickly and promote it more effectively?

We need to know what happens to Teach First people when they stay in teaching. In response to a written question that I tabled in October, the then Minister for Schools, the right hon. Member for South Dorset (Jim Knight), said of Teach First:

"It does not currently have detailed statistics on the destinations of completers"—

that is an ugly use of language—

"who remain in education, but I already plan to require these to be available for the 2008/09 academic year onwards."—[*Official Report*, 6 October 2008; Vol. 480, c. 512W.]

Has that been done yet? Does the Minister have any data for the last academic year?

I hope that the Minister will also speak about the graduate training programme. The Policy Exchange report said:

"When asked whether they would prefer to take a one-year postgraduate course or qualify as a teacher while also working and being paid as an unqualified teacher, 53 per cent. chose the latter option and 29 per cent. the former".

The problem again is the lack of awareness of the programme, with 58 per cent. of managers and professionals being unaware that it existed. The Government should listen to the conclusions set out in the recent IPPR report, "Those who can?", which recommended rolling out the "teach next" programme.

Does the Minister want ever more expansion of university training for teachers or does she accept the vision set out in the Policy Exchange report of every school being turned into a training school? Some of the budget used currently for learning support assistants could be used to support the training of wannabe teachers so that they can teach in a school, earn money more quickly and support existing teachers. Does that idea attract the Minister?

Would that idea help to transform continuing professional development, as Policy Exchange suggested? If schools were all turned into training establishments for new teachers and wannabe teachers, would they be more effective in encouraging and improving the skills of their existing teachers? It would mean that teachers were not all sent off for courses elsewhere. Some of those are very good, but what is learned on others dissipates within weeks of the teacher returning. Can we make schools learning environments not only for their pupils, but for trainee teachers and teachers themselves?

The evidence shows that the quality of teachers is critical. It is the prism through which every decision made in the education arena should be viewed. When Ministers decide on any aspect of education policy, they should ask, "Will this decision help to attract and retain better teachers?" The ugly corollary is that we must ask what can be done to ensure that those who are not teaching to the required standard—however worthy they may be as human beings—are removed from the classroom and allowed to do something more appropriate with their talents.

Does the Minister think that the best route is one of ever-longer programmes and courses before one can be a teacher, which would make teaching more like the closed shops of law and accountancy, or does she share the alternative vision of people being able to go in and out of teaching throughout their careers and of mature people who have served in industry coming into teaching? Such people should not necessarily start at the bottom, but their salaries should reflect the skill sets they have achieved elsewhere, and they could contribute to school management. Can we free up the education system so that the best possible people at any given time are involved in teaching and inspiring our young people? I look forward to hearing the Minister's answers to those questions.

11.27 am

Mr. Mark Field (Cities of London and Westminster) (Con): I congratulate my hon. Friend the Member for Beverley and Holderness (Mr. Stuart) on securing this important debate. He will be happy to hear me say that he stated his views in characteristically robust fashion. It is important that such views are on the record, because there are grave concerns about the teaching profession and where it should be going.

Most of my comments will be specific to my local authority in Westminster, but given that we have time on our hands, I will say a little about my hon. Friend's speech. Few of the people I graduated with in the mid-1980s would have looked on teaching as an option. There had been something of a sea change over a relatively short period. I am one of those Oxbridge graduates who were dismissed by the hon. Member for North-West Leicestershire (David Taylor) in his usual style. However, I was also a state school pupil.

In 1971, only 13 years before I matriculated at Oxford, teaching was seen as the normal choice, with one in seven graduates from that institution going into the profession. That was even before the large influx of postgraduate students taking specifically education courses. By the mid-1980s, however, going into teaching was, for most, considered to be a reflection of their failure and was seen as a secondary route. That mentality is regrettable. One by-product of the fact that, in the years to come, few graduates will go into the financial services compared with the past 20 years may well be that more of them will see teaching as a valid and acceptable choice.

I have some sympathy with the concern that my hon. Friend mentioned that the teaching profession has become more of an organised, unionised work force. That plays its part in putting many people off going into teaching. He described the prospect of people going into teaching later in life, after they have had a first career, when they have much more to give and want a second career. We all have to face the idea that working ages are likely to rise more and more as time goes by. Indeed, any future Government will have to be a lot more aggressive about that, given the demographics and the pension problems that we will have. People will be working, perhaps full time, well into their 70s in our working lifetime. It is no good simply adding a couple of years for those people who, in 25 years' time, will reach the current retirement age; we need to be much more aggressive.

There will be the mentality that people can have several careers, so the notion that a person who goes into a career in their 40s can enter it only at the bottom rung of the ladder will, in decades to come, be seen as a rather strange idea, particularly in teaching. Some of the most inspirational teachers are not so well qualified—that was the case with the most inspirational teacher

[Mr. Mark Field]

whom I recall at the grammar school I attended. I remember vividly that, as we started our A-level year, he tried to gee up the 90 boys who were about to enter the lower sixth, as it then was, by saying, "Before me, I see future captains of industry, leading lights in the armed forces and Members of Parliament." That was the very moment at which I thought that this was something to which I could aspire—something that I probably kept secret at the back of my mind for some years before I had any political aspirations. That teacher had no formal teaching qualifications; he had spent 20 years in the armed forces before deciding to teach predominantly biology, which was a personal passion of his, but in which he had no formal post-school educational qualification.

It is crucial that we open teaching up a little, and I worry about the power of the education establishment—not just the trade unions, but the Minister's Department and, to a large extent, local education authorities—which believes that there has to be a standard route and one has to move up a particular ladder. Much of what my hon. Friends the Members for Bognor Regis and Littlehampton (Mr. Gibb) and for Surrey Heath (Michael Gove) are doing in relation to education is forward looking and radical, and I strongly support those radical policies.

Equally, I worry that having a template about precisely the nature of degree and the GCSE grade to have been attained means that we are moving to a tick-box approach, rather than being more open-minded. The hon. Member for North-West Leicestershire mentioned that there are unqualified teachers in the independent sector, but too much of that sort of criticism is driven by the idea of equality. I am sure that the teaching unions would be concerned by that, but one needs only to look at the results of independent schools. I accept that, often, their pupils have dedicated parents and that considerable amounts of money are pumped into those schools, so any comparison would not be like for like, but those results speak to some of the more innovative, forward-looking and radical approaches that are taken to teaching, instead of it being an option that effectively means joining a highly unionised work force. We need to inspire a future generation of people to go into teaching at a later stage in their life, when much of the experience that they have gained can be brought to bear for their charges.

David Taylor: Having a highly organised membership is hardly unique to the teaching profession; it is true of the professions that I mentioned earlier. If the object of that grouping is to protect high standards and promote the interests of members of the profession, there is nothing sinister in that, is there?

Mr. Field: There is nothing too sinister. Perhaps I should put on the record my own involvement with the only profession of which I was ever a part. I did not spend long as a lawyer, but I read law at university and became a lawyer afterwards, when I took great pains not to join the Law Society, which I thought an appalling organisation at that time. It was inward-looking and there seemed to be constant bickering among its members. One does not have to be a great philosopher to suggest that many such professional organisations have, to an extent, been a conspiracy against the public at large, although that is a simplistic view. The Law Society has come out of itself in recent years—indeed, both the Law Society and the Bar Council have recognised that, as well as being a trade union for professionals, they have a much more important role to play in relation to the public at large, in reflecting some of the concerns that the public have rightly had about the profession.

I take the hon. Gentleman's comments on board, but the way in which this problem has applied to professionals has pained me. I am not making a cheap point about the National Union of Teachers or the teaching profession; I think the same applies to many of our professions, which have been far too inward-looking in the past. That goes back to an era when there was far less chopping and changing and rapid advancement for people who were able to move out of one social group into another. We now live in a much more mobile society, and amen to that, but too many of our professions have taken too long to catch up with those changes.

I want to touch on what is happening in the city of Westminster, where we have in place an education commission that is carrying out a six-month-long investigation into how we might improve educational outcomes in Westminster schools. It is due to report its findings in mid-September. The commission is chaired by Professor David Eastwood, who used to be the chief executive of the Higher Education Funding Council for England and is now the vice-chancellor of the university of Birmingham.

Like many inner-London areas, Westminster is highly polarised. It is fair to say that a significant proportion of parents send their children to schools in the independent sector, rather than state schools; none the less, the Conservative-run Westminster city council is passionately concerned to ensure that we raise standards and make more valid choices. There have been some ongoing problems with state education in inner London, one of the biggest being that articulate, educated, middle-class parents have voted with their feet and sent their children to school outside the state sector. That is a key reason why the state sector in London generally struggles, although there are some fantastic success stories such as, in my constituency, the primary schools Hampden Gurney and St. Peter's in Eaton square. The successful secondary schools in Westminster tend to be girls schools such as the Greycoat school on Horseferry road, which is a stone's throw from here, and St. Marylebone school. In both of those schools, it has been a long-standing head teacher who has helped to raise standards.

In the private sector, my constituency has some of the finest schools, such as Westminster school and the City of London boys and girls schools. Those schools recognise the ongoing commitment and responsibility they have to utilise some of their facilities for the purposes of other maintained schools. That is very much part and parcel of the ethos of living in our highly polarised area of central London.

The education commission's work has revealed a problem with the ability of local authorities to get involved in improving standards when schools become academies. We have two academies in Westminster, one of which, Pimlico, is in my constituency. Authorities have an ongoing responsibility for pupil welfare, but they have no way of tackling poor teaching standards if

academies are not doing well. Raising achievement of Westminster children, particularly those in the state sector, is a major priority for the city council's children's services department and its partners. As my hon. Friend the Member for Beverley and Holderness has rightly said, education is a main way of improving the lives of individuals. In turn, the community benefits through the social and economic contribution that those educated children—the parents of the future—are then able to make. A significant number of children in Westminster do not achieve their full potential for a number of reasons.

We have living in the city of Westminster as a whole about 40,000 people under the age of 19, 20,000 of whom are school pupils; 79 per cent. are from ethnic backgrounds other than white British and 68 per cent. speak English as an additional language. In total, more than 150 languages are spoken by children attending Westminster schools. Our educational settings in Westminster include 12 children's centres; four maintained nursery schools; 40 primary schools, 26 of which are voluntary aided; six secondary schools, five of which are voluntary aided; four city academies; and two special needs schools. However, as an inner-London borough, Westminster also experiences high levels of migration from and to other London boroughs and the rest of the UK—population churn. What I say in this regard applies to any inner-London area and indeed to many inner-city areas, and it is what I wanted to put on the record today. The mobility of the population, including significant cross-borough flows in terms of the use of health and education services, presents significant challenges and underlines the complexity of service delivery and the importance of information sharing.

Beyond teaching standards, there is a growing issue that needs to be addressed; I wanted to put it on the record, although I appreciate that it is slightly outside the scope of this debate. That issue is the future of genuine parental choice at primary school level. In my constituency in Westminster, we have a large number of voluntary aided schools that prioritise children from a Christian background, whether Roman Catholic or Church of England. That could be a barrier to parents of children who come from non-Christian backgrounds. For example, 78 per cent. of schools achieving above average progress in English and 70 per cent. of schools achieving above average progress in maths are voluntary aided faith schools, either Church of England or Roman Catholic.

That is a problem to which there is no easy solution. In many respects, such schools are great and successful institutions and, in the process of trying to provide a level playing field for all of our children, we do not want to see standards reduced in any way; we want to see standards raised for all children in the future. I appreciate that the problem may not yet have come across the Minister's desk in her relatively short tenure in her position, but it is a very important matter, particularly in many of our inner cities. In such areas, there has been significant depopulation in the past decades, but those sorts of schools—the voluntary aided schools, which obviously have a long-standing tradition—remain in place.

I hope that the Minister will give considerable thought to how we can try to raise the standards of all pupils, so that all of them, even those who do not come from a Roman Catholic or Church of England background, can still aspire. I know from my dealings with particular head teachers of voluntary aided schools in my constituency that they try to ensure, as far as possible, that more and more children from outside those faiths have an opportunity to go to those schools. However, the opportunities for those children are clearly not as great as they would be if there were more community schools that had a local reputation as strong as the voluntary aided schools that I have referred to.

Sir Nicholas, thank you for allowing me to speak in this very important debate. My hon. Friend the Member for Beverley and Holderness made some very valid points and I look forward to engaging on the subject not just with the Minister who is here today, but hopefully with future Conservative Ministers, because education is the key issue. Without an education system that works for the future, there will be difficulties.

I have some worries, even in the longer term, about the maintenance of the knowledge economy given our demographics, which will become an even bigger problem in the decades ahead. The competitive advantage that we have as a country has been based on having great knowledge. Obviously, we have the benefit of the English language, which is the global language and which will assist us to a large extent, but we need to ensure that we have an educated work force. I am not talking just about the elite, although I personally believe that we also need to educate our elites to the highest standards to become global players. More important in many ways are the 40 to 50 per cent. of people who will never go to university but who will still need to be educated, re-educated and trained right the way through their life. If we do not get school education right and ensure that we have teachers of the calibre needed to ensure that education is of the highest standard, we will find that those people are effectively tossed on to something of a scrap heap for much of the rest of their lives. That is not only unaffordable but ethically and morally unjustifiable.

We have discussed some very crucial issues today. I am encouraged that my own party feels strongly about them and there will be some radical changes, even in the light of the importance that must be rightly placed on the economic problems that will be the big, black cloud over much of public policy and politics in the next decade. I am obviously also interested to hear the current Government's thinking on how we can ensure the provision of the highest teaching standards for all our children, who will obviously have an important part to play in making sure that our economy and our country can recover their previous position in the decades to come.

Sir Nicholas Winterton (in the Chair): We shall start the winding-up speeches a little earlier than expected. I call Annette Brooke.

11.45 am

Annette Brooke (Mid-Dorset and North Poole) (LD): I also start by congratulating the hon. Member for Beverley and Holderness (Mr. Stuart). He expressed some very interesting ideas, many of which I agree with. There are probably other areas that he talked about where I would place a slightly different emphasis. None the less, the important thing that we will agree on in this

[Annette Brooke]

debate is that we need not only an adequate supply but a full supply of highly qualified entrants into the teaching profession. It is how we attack that issue that we need to debate today.

I started thinking about this debate by focusing on the quote that the hon. Gentleman used, when he said that

"the quality of an education system cannot exceed the quality of its teachers".

That must be fundamentally true. Starting at the top, the quality of leadership is of prime importance in any school setting.

The Ofsted figures for 2008-09 quoted in the debate pack, which are about the effectiveness of teaching and learning in meeting the full range of learners' needs, show that 29.1 per cent. of primary schools were judged to be satisfactory and 1.8 per cent. were judged inadequate, while 32.1 per cent. of secondary schools were judged satisfactory and 1.8 per cent. were judged inadequate.

We can look at the downside and say that roughly a third of schools are judged to be either satisfactory or inadequate. Alternatively, we can look at the upside and say that two thirds of schools are good or outstanding. We must celebrate the excellent teaching that exists and the progress that has been made. However, if I was writing a report on teaching standards, I think that I would conclude that we can and must do much better.

The recent Ofsted report on standards of English in schools states:

"There is a significant gap between the most effective schools and the rest. The most effective provide a dynamic and productive English curriculum. However, too much English teaching is no better than satisfactory and too many pupils are not able to make the progress they need to catch up."

In other words, it is particularly the most disadvantaged pupils who are suffering.

We know that about 20 per cent. of children are leaving primary school with inadequate literacy and numeracy. Only half of pupils leave secondary school with five good GCSEs, including English and maths, while 85 per cent. of poor white boys fail to achieve that benchmark. Furthermore, 55 per cent. of schools in the poorest areas fail to achieve the Government benchmark of 30 per cent. of their children obtaining five A to C GCSE grades.

Ofsted's annual report for 2007-08 says that too many children and young people are receiving services that are "patently inadequate", especially those who are from disadvantaged backgrounds. That is despite the fact that there have been broad improvements across schools, children's services and further education.

The hon. Member for Beverley and Holderness touched on how we can get rid of teachers who are less than satisfactory. I think that the Government have probably taken a step in the right direction with the proposal for a teacher registration system. Of course there are poor teachers and the renewal of a licence to teach—a system similar to those that already exist in other professions and even, in a sense, for MPs—would help to eradicate those teachers who should not be in schools. However, I always have fears about Government initiatives. In principle, the teacher registration scheme is a good idea, but will it turn into a bureaucratic nightmare that takes up head teachers' time and ends up proving to be very costly? It needs to be done properly, and we need to focus on raising the status of the profession.

We need to look at the context in which individual teachers find themselves, as well as the overall picture. We are right to focus on entrance to the profession, because we are suffering from a long-term problem that has not been tackled satisfactorily. It is true that we have all kinds of initiatives which probably do not amount to much over time, but, if one looks at the statistics, it appears that the old Teacher Training Agency—now the Training and Development Agency for Schools—did not meet the Government's targets for filling places.

Only since April this year have predictions changed. For obvious reasons—the extra supply of graduates—all places in all subjects will be filled. Even then, there probably will not be enough physicists and chemists to meet the demand because too many biologists have been recruited. We have seen a rise in the level of qualifications held by applicants, and that is to be welcomed.

There are alternative routes into teaching. Most people think that the Teach First scheme is impressive. It has raised the status of the teaching profession, and I agree that the entry, even for a relatively short time, still can make a great contribution. Unfortunately, in the scale of things, the number involved is very small.

Mr. Andrew Turner (Isle of Wight) (Con): Before the hon. Lady moves on to another subject, what would she do about physicists and chemists, who appear not to be necessary because of the biologists? How can we include more physicists and chemists in the group?.

Annette Brooke: Again, we have to go right back to basics. We have a problem, in that there are so few schools that offer the three sciences separately. We have to go back to that before we can bring forward an adequate supply of good science teachers. Obviously, many things can be done with continuous professional development. Training can be topped up. When I was teaching, I did not necessarily always teach my first subject, and I can see that I could easily have been retrained as a full-blown mathematics teacher. There are options around, and we need to grasp them. However, it is a difficult problem, made worse because we sat on it for so long without doing enough.

Mr. Graham Stuart: Will the hon. Lady give way?

Annette Brooke: I am a bit anxious about the time. I shall take one more intervention, but then I must move on.

Mr. Stuart: I am grateful to the hon. Lady. Perhaps I misunderstood the time pressures.

Is it the policy of the hon. Lady's party that it is necessary to get rid of national pay agreements so that disadvantaged schools can pay more—the point I made in my speech—but also so that pay can be higher for those who teach the disciplines for which it is hardest to recruit?

Annette Brooke: I thank the hon. Gentleman for that intervention. In our recent schools paper, which was passed at our last party conference, we make the point that individual schools should have more power, including the ability to offer higher pay to those who teach shortage subjects. We need to look at pay and conditions.

Moving on quickly, I often feel that there is patchy support for newly qualified teachers in this country. Some teachers experience good induction. On a recent visit to Canada with the Children, Schools and Families Committee, I learned that newly qualified teachers receive two years of support, which is much more than we offer.

The Department for Children, Schools and Families secondary school curriculum and staffing survey for 2007 shows that only 56 per cent. of pupils in secondary modern schools were taught maths by a teacher with an appropriate post A-level qualification, compared with 73 per cent. in 11-to-16 comprehensives and 88 per cent. in grammar schools. For English, the figures were 66, 74 and 94 per cent. It is a real problem that many young people are not being taught by people with specialist qualifications, and the situation is worse in the most deprived areas.

The survey reveals that children in the poorest areas of the country are least likely to be taught by well-qualified teachers, which indicates not only that there is a need for more highly qualified teachers, but that there is a particular shortage in the toughest schools. In response to comments made earlier in the debate, I would like to point out that training is needed to deal with challenging behaviour. It is not quite as easy as walking into a job. I am a former teacher, and I have taught in both the state and independent sectors.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): Can the hon. Lady recollect from her teacher training days what training she was given in behaviour management in the classroom?

Annette Brooke: I would not recommend to anyone the training that I had at, I have to say, a prominent university. It was a one-year postgraduate certificate in education. Training in behaviour management is incredibly important, but, as my subject was economics, I would not necessarily have expected to receive it in my training.

We have a problem. Is the market working? Is it the Government's fault for failing to recruit sufficient entrants, or is it the parents' fault for not complaining loudly enough? It is all too easy just to look at the problem. The hon. Member for Beverley and Holderness is right to say that we have to come up with some better solutions.

There is a great deal of evidence that the situation is even worse in primary schools. In its state of the nation report, the Royal Society gave staggering figures showing that the number of primary school teachers qualified in stem subjects was falling. In his review of the teaching of mathematics in English primary schools, Sir Peter Williams considered that only 3,000 teachers currently had sufficient knowledge to qualify as mathematics teachers. The Government accepted all of his recommendations, and I am interested to know what progress has been made in improving the number of qualified mathematics teachers in primary schools.

Mr. Graham Stuart: Will the hon. Lady give way?

Annette Brooke: I will continue with my speech so that other people have an opportunity to make theirs.

A parliamentary question last year revealed that an increasing number of training teachers are having to re-sit basic maths tests. This reinforces some of the points that were made earlier. Since 2001, trainee teachers made 20,000 failed attempts at numeracy tests, and the average number of attempts needed to pass the literacy test has increased by 16 per cent. We all subscribe to raising standards, but, unless the Government play their full part in ensuring good quality entrants to the profession in the first place, some schools and pupils will be disadvantaged.

I wonder why the Government's new £10,000 golden handcuff for teachers applies only to secondary schools. Do we not need to attract the best applicants into primary schools in challenging areas, given the importance of basic literacy at the very start?

Far more could be done with continuous professional development, and I hope that the new licence to teach will address that, albeit rather belatedly. Since the 2007 survey that I referred to, the problem has not gone away. As Professor John Howson of Education Data Surveys wrote only last week in his most recent assessment of the labour market for teachers, English and art remain two of the more perplexing subjects, with high vacancy numbers compared with the number of trainees. For English, the estimate is that fewer than 1,800 trainees may be competing for more than 2,400 vacancies. It is staggering that we have that shortage, given current market conditions.

On lack of training, the Government have followed rather than led. The inclusion agenda, which I am fundamentally in favour of, has been promoted ruthlessly since 1997, but the basic training for teachers has only now been introduced. Teachers coming through the teacher training programme before 2011 will not have received that extra training.

[JOHN CUMMINGS *in the Chair*]

On standards in general, we need to untangle what real progress has been made from people's lack of confidence that standards have remained constant. We really need Ofqual to be independent. We Liberal Democrats are seriously concerned about whether Ofqual will be genuinely independent and accountable to Parliament, rather than just to the Secretary of State. We have a number of proposals for an educational standards authority, which would guarantee that genuine independence.

In conclusion, although I take on board the point about teaching standards, we need to look at a range of barriers that stop children succeeding. Although a lot of progress has been made in respect of the failure to identify and resolve educational problems in early years, the standard of teaching at that stage still has to be developed much further. For example, one in five teachers in the early years foundation stage have only a level 2 qualification. In other words, we have got the most important part—the starting point—topsy-turvy and not everybody is able to access higher-level qualifications. On inadequate and inconsistent funding for schools and colleges with high levels of educational disadvantage, we advocate a pupil premium that would enable money to be found to pay staff higher salaries, if the head teacher and the governors chose to do so.

Infant class sizes are too large. The failure to plan properly this year has resulted in 10,000 pupils being in classes with more than 30 pupils. On class size, the

[Annette Brooke]

Government made a commitment to fund state schools at the same levels as independent schools. What happened to that?

In too many schools, leadership and governance is not effective enough. Government targets and micromanagement distort priorities. Teachers are undermined by this centralised approach. The Education and Skills Bill gave Ministers more than 150 new powers. I agree with the hon. Member for Beverley and Holderness that all our schools and colleges must have the freedom to innovate.

The inappropriate offering of the curriculum, leading to pupils' needs not being met, has made teaching difficult. Teacher training to the national curriculum means that teachers have lost the confidence to be innovative. So we are in a vicious circle at the moment that we need to break out of, because, as hon. Members have said, people remember an inspirational teacher throughout their lives, and we must ensure that we have many more inspirational teachers for children from all backgrounds.

12.2 pm

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): I congratulate my hon. Friend the Member for Beverley and Holderness (Mr. Stuart) on securing this important debate and on his excellent, informative speech. I agree with most of the thoughtful speech made by my hon. Friend the Member for Cities of London and Westminster (Mr. Field), who is clearly passionate about standards and schools in his constituency.

The standard of teaching that pupils receive is one of the most decisive and important factors in determining the success of their education. A good teacher can make an enormous difference. The Sanders and Rivers study, mentioned by my hon. Friend the Member for Beverley and Holderness, which took place in Tennessee and examined the effect a teacher could have on academic performance, found that if two average ability eight-year-olds were given different teachers, one a high performer and one a low performer, the children's academic performance would diverge by more than 50 percentage points within just three years. Other studies from the UK and the USA have produced similar findings. The Institute for Public Policy Research concluded that a good teacher could improve a child's academic performance by more than a grade level. Those studies show that attracting high-calibre people to the teaching profession is a prerequisite to raising standards, and that in turn means a career in teaching needs to be seen as an interesting and desirable option for top graduates and those who have made a successful career in other fields.

According to Lord Adonis, one key objective of the Teach First programme, which other hon. Members have mentioned, is to reconnect the teaching profession to the top universities. Partly, this undoubtedly comes down to pay. If excellent teachers, including those with prized qualifications such as maths or science degrees, are to be attracted and retained by the profession, they need to be paid in a way that is commensurate with their value to schools. That is why schools—particularly academies—should be given the freedom to pay good teachers more.

No one should be in any doubt that we have in our schools in this country some able, highly qualified, highly motivated and first-class teachers. On Mondays, when I visit schools around the country, I meet dedicated teachers with a genuine vocation who are transforming the lives of the children they are teaching. Britain would not be the fifth most successful economy in the world if this were not true. But as my hon. Friend rightly said, we have to be cautious about the future. We need to accept that we face huge challenges. One in five children leaving primary school after seven years are still struggling with reading and 40 per cent. are leaving school without having achieved five or more good GCSEs. Half of all children who qualify for free school meals fail to achieve a single GCSE above grade D.

There are many reasons for these challenges, including the curriculum and ideologically driven pedagogy emanating from the education establishment, but a factor must also be the barriers that mean not enough highly qualified young people are choosing teaching as a career. The first and perhaps most serious of these barriers is pupil behaviour. In March 2008, the Association of Teachers and Lecturers carried out a survey examining this issue. It found that 29 per cent. of all teachers have been punched, kicked or bitten by their pupils. Nearly one in 10 teachers said they had been injured by an aggressive or violent pupil. Crucially, nearly two thirds of teachers said they had considered leaving the profession because of aggressive pupils, verbal abuse and the threat of violence.

In 2008, the NASUWT compiled a dossier that detailed the violence that teachers had faced, some of which verged on the horrific, including attacks on teachers using knives and scissors and even attacks on pregnant teachers. In light of that, research by the think-tank, Policy Exchange, which found that the principal factor deterring undergraduates from a career in education was

"the fear of feeling wounds in the classroom",

seems perfectly understandable. Unless the standard of behaviour in our schools improves, the teaching profession will not become a truly welcoming environment for talent.

At the moment, teachers often find it difficult to enforce high standards of behaviour because they lack the powers that they need to keep discipline in the classroom. Teachers should be given far wider powers to search for and confiscate items that are banned by the rules of the school, and not just specified items on a narrow list. We Conservatives joined forces with the Liberals on that point during the Committee stage of the Apprenticeships, Skills, Children and Learning Bill.

We would allow schools to require home-school contracts to be signed as a condition of admission to a school, which is something long opposed by Labour Ministers over the last 12 years until the 11th hour of this Administration in last week's White Paper. We should abolish the exclusion appeal panels, to enhance the standing of head teachers by removing the ability to second-guess their decisions on discipline. These expensive, stressful and time-consuming appeals procedures are a deterrent for heads, who need to be able to expel persistently disruptive pupils. If a head teacher's decision to exclude a pupil from his or her school were overturned subsequently on appeal, allowing the child to return, that would be in complete defiance of the head teacher's wishes. This

system completely undermines the head teacher's authority. I believe that these changes would enhance the ability of staff to keep order in their schools and would help to make teaching a more rewarding profession for prospective teachers.

Of course, the behaviour of pupils is not the only issue. As the hon. Member for Mid-Dorset and North Poole (Annette Brooke) said, the curriculum is another important contributory factor, putting off the more academic teacher. The trends toward modularisation, thematic teaching, an outcomes or competence-based curriculum and so-called applied learning all reduce the time spent on engagement with formal, academic knowledge.

The overall standard of many qualifications has been reduced over time, making them less academically challenging and therefore less interesting for able teachers who have a passion for their subject. One subject that has suffered most from this problem is science, particularly at secondary level. Students studying for science GCSEs have in recent years been asked whether they sweat through the skin or the liver and whether they look at the stars through a synthesiser or a telescope. A report by Ofqual in March this year found that the standard of GCSE physics had fallen between 2002 and 2007. Fewer topics were covered and there was a reduction in the number of questions that required complex calculations or several steps to reach an answer. There was also a general reduction in the mathematical demands made of candidates. These findings reinforce the conclusions of a growing body of independent academics, such as Professor Peter Tymms of the university of Durham and the Royal Society of Chemistry, who have demonstrated that the academic standard of science qualifications has fallen over the years.

In addition to that problem, the new 21st-century curriculum replaces the study of scientific concepts with the study of the relationship between science and wider society. That leads to students debating stem cell research without the developed knowledge of biology that they need to appreciate the issues. The Ofqual report specifically picked out that issue when it said that

"candidates were required to discuss the advantages and drawbacks of CCTV, mobile phones and the internet. These may be interesting considerations, but they did not add to the candidates' knowledge and understanding of physics."

In reality, those are not even particularly interesting considerations. Goodness knows whether, in 20 years, we will even have mobile phones or CCTV. They replace the richness and complexity of scientific understanding with a pseudo, superficial learning. The drop in the standard of some science qualifications, with the movement away from teaching scientific concepts, creates a curriculum that is less likely to attract candidates with a genuine passion for their subject.

That problem is borne out by research into teacher specialisms. An investigation by the university of Buckingham in June 2008 found that 24 per cent. of state schools had no teachers with a specialism in physics. It also found that the number of applicants for physics postgraduate certificate in education courses had dropped by 27 per cent. in 2006. That problem is particularly acute in science, and affects subjects across the curriculum. In June 2008, a paper produced by the National Foundation for Educational Research found:

"Across all subjects, the proportion of lessons being taught by teachers with relevant post A-Level qualifications was slightly lower in 2007 (79 per cent.) than it had been in 2002 (83 per cent.)."

If we want to reverse that trend and encourage more graduates with relevant degrees into teaching, we must revive the academic value of the curriculum so that it is firmly focused on knowledge, concepts and ideas. At the same time, we must work to encourage individuals with a real affinity for their subject into the profession.

Mr. Graham Stuart: Will my hon. Friend address the training of teachers, and say whether he believes in a more formal route outside schools, or every school being a training school?

Mr. Gibb: I am attracted to the concept of training more teachers on the job through programmes such as the graduate teacher programme, which a number of teachers go through, but there is scope for expanding that programme. I take issue with the hon. Member for North-West Leicestershire (David Taylor) about some teachers in the independent sector not having formal qualifications. The problem is not the independent sector, which achieves 38 per cent. of all A grades in A-level physics. The graduate teaching programme attracts high-quality graduates who learn how to teach in the school from the head of department. We must be flexible about entry into the teaching profession and teacher training.

We have proposed changes to enable teachers to advance further with their academic subject as their career progresses and to make it easier for them to pursue higher qualifications, such as masters degrees and doctorates, with support for sabbaticals and bursaries. When teachers join a school, they should not lose contact with the academic community of their subject at university. They should continue to deepen their understanding and maintain their enthusiasm for their specialism so that they can communicate that passion to their students.

As well as making the profession more attractive by attacking the problems of pupil behaviour and the curriculum, we must introduce specific policies to ensure that teaching is a career for strong candidates. At the moment, around 1,200 postgraduate trainees begin training each year, having achieved a degree below 2:2, and 13 per cent. of applicants—about 5,000 students—have to re-sit the on-screen numeracy test to gain qualified teacher status three times or more before passing. We would address both those problems by permitting only one re-sit for the literacy and numeracy tests, which at the moment may be taken an infinite number of times. We would fund trainee teachers only if they achieved at least a 2:2 degree.

We would also raise the bar for new primary school teachers by requiring B grades in GCSE English and Maths. Those two subjects are integral to the job of primary school teachers. At the same time, we would ensure that every publicly funded teacher training institution provided primary teachers with specialist courses in maths and synthetic phonics instructions so that they were properly equipped with the necessary skills to carry out those core aspects of their work.

In addition, we believe that dramatically expanding the academies programme will enhance the standing of the teaching profession, making it a more prestigious

[Mr. Gibb]

and attractive destination for top graduates. The greater autonomy and freedom enjoyed by teachers under that programme is part and parcel of enhancing their standing as professionals. We hope that freeing the profession from the frustrating bureaucracy of local and central Government will enhance its status, enabling it to attract more high-calibre teachers and raising standards as a result.

12.15 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Ms Diana R. Johnson): I congratulate the hon. Member for Beverley and Holderness (Mr. Stuart), who is my near neighbour in east Yorkshire, on securing this debate, and all hon. Members who have contributed today.

I am aware that the hon. Gentleman recently had the opportunity to discuss teaching standards with the Minister for Schools and Learners in the Select Committee on Children, Schools and Families, of which the hon. Gentleman is a member. I welcome today's further opportunity to debate the topic and to hear other hon. Members' comments.

The evidence shows clearly that parents are the most important influence on children's life chances, but that nothing matters more to pupil achievement than the quality of teaching that they receive. A good teacher not only inspires—the hon. Member for Beverley and Holderness made much of the inspiration needed to bring pupils on and make learning fun—but teaches in a way that suits pupils best, stretches them, and identifies where extra support is needed to tackle the barriers to learning to secure the progress of every child. The second part is important, because teachers' professional skills lie in being able to draw the desired progress and achievements from pupils. In short, teachers change lives, and building a world-class school system in which every child and young person can fulfil their potential and receive the support that they need to succeed requires that we have a world-class schools work force.

I shall talk about a decade of progress. I do not recognise the picture that some hon. Members have painted of today's teaching profession. Over the past 12 years, our schools work force has been transformed: we now have more than 40,000 more teachers than in 1997, backed up by more than 200,000 support staff, including teaching assistants, who have made a huge contribution in the classroom.

Mr. Graham Stuart: The Minister said that the teaching profession has been transformed over the past 10 or 12 years. Has the average position of graduates going into teaching in terms of the deciles of performance improved or declined over that period?

Ms Johnson: I will talk about the graduate entry to the teaching profession in a moment.

Times have changed and schools are no longer places where an individual stands up in front of a blackboard with a piece of chalk. Classrooms are exciting, interactive places staffed not only with teachers, but with technicians, assistants and others who offer pupils personal support. As a result of our investment and the hard work and dedication of teachers around the country, Ofsted has rated the current generation of teachers the best we have ever had.

Teachers are now among the most valued and trusted figures in our society, which is in stark contrast with a decade ago when the public did not always accept that working as a teacher was the high-status profession that it should be. That dramatic increase in teachers' professional status and standing is reflected in the huge progress that has been made over the past 12 years. More than 100,000 more children are leaving primary schools secure in English and maths at level 4 than did so a decade ago, and almost half of young people achieve five good GCSEs compared with just over one third in 1997. That is real progress, but we accept that there is much more to do to ensure that every child is secure in the basics and that every young person achieves a good qualification. Giving the teaching profession a further boost is at the centre of our plans.

I shall talk now about new routes into teaching, because much has been made of attracting a good cross-section of people with the skills and abilities required. We want to ensure that we have the best pool of teachers to choose from. That is why we have developed a range of routes into teaching that focus on attracting the best candidates, whatever stage of their career they have reached. The Training and Development Agency for Schools is overhauling its graduate teacher programme website to make it easier, from September, for people seeking employment-based training to find a suitable school and training provider. It is committed to marketing that route specifically once the website is ready.

The traditional PGCE route for graduates is still being used very well, but there is also the hugely successful Teach First programme, which was five times oversubscribed last year. Mention has been made of the fairly low number of places available, but we are looking for the very highest level of ability in the students, so although the programme was five times oversubscribed last year, there may be a natural limit to the number of places that we can fill. We need to keep a constant eye on that to see how it works out. The programme is making a real difference in the schools where the people are teaching. I think that we all accept that that is a positive development and we want to see the programme continue to succeed.

Mr. Stuart: Will the Minister give way?

Ms Johnson: I will give way for a final time and then I need to make some progress.

Mr. Stuart: I am grateful to the Minister for giving way; I am aware that there is a shortage of time. Did the people who failed to get on the Teach First programme do so because they did not have the qualifications, or because the funding from Government placed a cap on the numbers?

Ms Johnson: I cannot answer that specific question, so I shall have to come back to the hon. Gentleman. I can tell him that we shall double the number of Teach First places by 2013, but I will come back to him on his specific question and I shall also consider the statistical data that have been collected by Teach First.

Teaching is in the top 10 choices for career changers and it is the No. 1 choice for new graduates, so of course competition will ensure that there are rising standards in the group that is coming into education and teaching in the years ahead. To ensure that we attract the best career changers from the private sector, particularly in the shortage subjects that we have heard about, we have launched our Transition to Teaching programme. In addition, from September we shall trial a new accelerated six-month route to qualified teacher status in maths and science subjects for outstanding candidates. That is a pilot and we want to see how it works, but again it is about working on some of the ideas that were in the Policy Exchange report.

I was struck by comments made by hon. Members about restricting entry into the teaching profession to graduates with a 2:2, 2:1 or first-class degree and not having people with a third. That struck me as odd because I think that one of the people advising the Conservative party is Carol Vorderman, who I am sure we all agree is quite an inspirational character but who, as I understand it, got a third in her degree. She would not be eligible to teach under that proposal. Perhaps hon. Members should reflect on that.

In the past 12 years, the pay and conditions offered to teachers have improved enormously. The remodelling of the work force has been a big step forward for teachers, children and young people because it is about raising standards and tackling work load, but we must continue to bear down on unnecessary burdens and ensure that teachers receive their statutory rights, so that they can focus on their core job of teaching and learning. We cannot expect teachers to continue to improve standards or narrow the attainment gap if they have not received a proper induction, are not being managed properly, or are spending their time doing things that do not make the most of their professional expertise. That is why we are legislating for a new system of warning notices for governing bodies that do not comply with statutory pay and conditions requirements.

As well as ensuring compliance with statutory rights, we want to ensure that each individual teacher receives consistently excellent training and continuing professional development so that they can improve their practice. We announced last year that we would make teaching a master's-level profession. The course will be rolled out initially in January next year to newly qualified teachers in schools in the north-west and in national challenge schools. It will be primarily practice-based, with newly qualified teachers learning not just from school leaders but from more experienced teachers. We shall work closely with our social partners and the TDA to ensure that we get it right, because it is a great opportunity for the profession. As there is still much more to do to improve the ability of teachers to identify the children and young people who need extra support to make good progress, one of the four compulsory content areas of the new master's in teaching and learning covers child development and behaviour management. That new qualification is specifically designed to improve classroom practice.

It might be helpful at this point if I comment on behaviour, because the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) made much of behaviour in the classroom. The present Government are the first to implement a comprehensive national programme to strengthen schools' capacity to manage behaviour, and to strengthen the law where necessary. As he will know, the behaviour expert Sir Alan Steer acknowledged in his final report on behaviour in schools, published earlier this year,

> "Schools have a broader range of powers than ever before to prevent and tackle poor behaviour."

I therefore dispute some of the statements made about behaviour in our schools.

The licence to teach was announced last week. Teachers will need to keep their practice up to date to renew their licence, which will be linked to their commitment to continuing professional development. We shall start with newly qualified teachers beginning their training this September, those returning to teaching from September 2010 and all supply teachers shortly afterwards. We think that it will help to improve the status of a profession that is already very highly regarded, but it is not a substitute for the existing robust measures to weed out poorly performing teachers. Those measures are already in the hands of individual schools and head teachers, to be used as and when required if capability is an issue. We want to build on the best elements of the existing teacher registration process, so we shall make provision for the General Teaching Council for England to take the matter forward. We envisage the licence to teach being valid for five years, after which the licence holder would need to undergo the revalidation process. More details will be set out in the coming months and there will be further consultation.

As has been said, the most effective continuing professional development often takes place in schools where teachers can learn from one another, but teachers can also learn from other schools. That is constantly being reviewed. We said in the White Paper "Your child, your schools, our future: building a 21st century schools system" that we are asking the TDA and the national college for school leadership to work together to consider how we can best support the growth of more school-to-school, cluster-based professional development for teachers and, indeed, all the members of the children's work force in schools.

I have set out how we are building on the foundations of the proper investment that we have made in our teachers in the past 12 years by providing new routes into teaching, ensuring that teachers have fair pay and conditions, supporting teachers with excellent professional development and matching that with the new licence to teach. Those reforms will allow our teachers to remain the best in the world. We are committed to backing them, just as we have backed them in the past 12 years, because that is what we need to do to build schools that are fit for the 21st century in which every child and young person receives the excellent education that they deserve. Excellence in education comes primarily from teachers. That is what parents expect and children need.

Mr. Stuart: Will the Minister give way?

Ms Johnson: I had sat down.

Mr. Stuart: The Minister is most kind—her generosity overflows. May I just ask her about men teaching in primary schools? Does she have any thoughts on the shortage of male teachers in primary schools and any proposals to encourage more men to teach at that level?

Ms Johnson: Like most hon. Members when they visit schools in their constituencies, I am always struck by the fact that there are not many men teaching in primary schools. I will talk to officials about how that can be encouraged, because of course good role models in primary schools are important.

Mitcham Jobcentre Plus

12.29 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): I am delighted to have this Adjournment debate, but I am sorry that we are holding it in the current circumstances. Despite the fact that the Government have made enormous efforts to introduce measures to help people looking for work or training, the people we expect to provide that help are ill-equipped to do so.

Over the past 12 years, unemployment has fallen in my constituency. In April 1997, the unemployment rate was 5.4 per cent. In April 2009, it was 3.7 per cent. The Government's philosophy has been that those who can work should work. Work should pay, and we will do our best to ensure that it does. I appreciate that the unemployment figures are rising again and that there will be more people for jobcentres to deal with, but that is all the more reason for anyone who can work to be given all the help that they need to get a job.

Many good things have happened in the past 12 years, and I would not want to characterise everything as bad. Hundreds of my constituents have found work through the new deal, and thousands have benefited from tax credits for those who are in work.

I appreciate that working in a benefits office is not easy. I know that because I used to do it. My first job on leaving university was as a clerical officer in the then supplementary benefit office at Irene House in Balham. Twenty-eight years ago, it was very much a case of them and us. Many of my colleagues would look down their noses at the people on the other side of the barrier—in those days, there were real, physical barriers. Colleagues used to tease me because I always signed my letters legibly, and people could tell who had written to them. On one occasion, an Irish man who was in his 50s—not unlike my dad—and who had never before seen the inside of a benefits office was so humiliated by the officer's questioning that he began to cry, and I am not ashamed to say that I joined him.

The Government have made great progress, and there has been some improvement in staff attitudes. However, one role of MPs is to act as a local information service to the Government nationally. We need to be able to tell the Government how their initiatives are working. If things are not working as planned, however, it is surely our role to bring them to the attention of Ministers, and that is why I called for today's debate.

I am sure that the Mitcham jobcentre has a lot of work to do, and that work is probably not easy, while some of the people the jobcentre deals with may sometimes be awkward. Equally, I may be seeing only people who experience difficulties, and there may be many thousands of people whom I do not see because their cases are dealt with immaculately. In the past few months, however, I have seen an upsurge in the number of constituents who have contacted me about the jobcentre.

It is not only me who has been contacted. Other community groups and organisations, including the citizens advice bureau and a local community development trust, have told me that there has been an increase in the number of people complaining about the service that they receive. Those bodies have also told me that many of their clients are too intimidated to complain and are worried that making a complaint could see them lose

their benefits or be treated even worse the next time they ask for help. Therefore, rather than seeing the rare, exceptional cases where problems occur, we may be seeing the tip of the iceberg, and that is why I am here today.

Like all hon. Members, I want our public services to be services. I want them to operate at a level that we can be proud of and which will help our constituents to find work or to get the training that they need to achieve their aspirations. That is what the Government are all about and it is what I am all about.

I want to highlight a number of cases that I have dealt with or about which local organisations have contacted me. We are all concerned about the standard of advice at local jobcentres and the lack of knowledge or initiative on the part of the staff. That is almost certainly the result of inadequate training. The problem has been noticed not just by me, but by the citizens advice bureau and local community groups.

While I was out canvassing in Wandle road a few weeks ago, I met a woman who had just lost her job. She had held a quite senior position in customer services and she could not believe her experience at Jobcentre Plus. She commented on the unmotivated way in which she was dealt with and on the lack of initiative. She said that she would never have accepted that lack of imagination and helpfulness in her industry.

When Mr. T from Eastfields, who has a history of serious mental health problems, went to the jobcentre, staff sent him on an entirely inappropriate training course that he could only ever fail. There was a lack of imagination about how to deal with him. His case may well have been complicated, but Merton Mind, a charity that would have been ideally placed to help him, was just across the road.

There is also Mr. F of Mitcham, a former bus driver in his 50s who was finding his work too hard. I noticed that he had a Private Security Authority licence, and I had been to a company that provided transport for special needs children the day before, so I put the company in contact with him. There was a vacancy, and he got the job. The question, however, is why Mitcham jobcentre did not suggest the same during the weeks that it saw him. It was not a difficult suggestion to make.

There is not just a lack of imagination and training; I also get complaints about the attitude of staff. I have heard stories about some of the procedures that claimants are forced to go through, which are extremely discouraging. Staff at Mitcham jobcentre are often thought to be rude or, at best, unhelpful. The jobcentre is thought to give bad advice and bad customer service on occasion.

Let me mention the case of Sandra from Morden, because there is a particular problem with crisis loans. Sandra, too, has a history of mental illness. She spent three whole days in the jobcentre because of complications in communications between Mitcham and the central processing unit in Makerfield. One day, she spent from 8 o'clock in the morning until 7 o'clock at night at the jobcentre. At the close of the day, she was told that she could go to the police station to get help. Obviously, the police officers met that advice with disbelief.

Sandra went in one day to ask whether documents might be faxed to Makerfield. She was told that she needed to make an appointment to use the fax and to return the following day. When she did go to get her documents faxed, the line was busy, but she was not told. All the time, staff knew that she had no money and that she was walking to and from the jobcentre each day.

That brings me to the issue of photocopying—I can hardly believe that I am talking in the House of Commons about a photocopier at Mitcham jobcentre, but I am. In one particular incident, someone was told to fill in a form, but they were informed they could not do so on the premises. They were forced to leave and to stand on the pavement outside while they completed the form. When they returned, they were told that it had to be copied. There was a photocopier right there, just a few feet away, and there seemed to be many staff in the office. However, the person was told that if they wanted to use the photocopier, they would once again have to leave the jobcentre and stand on the pavement outside. They had to use their mobile to phone Edinburgh to arrange to use the photocopier, which was only a few feet away in the jobcentre. Eventually, they got through to staff in Edinburgh, who booked a spot an hour and a half later on the photocopier, which was right there in Mitcham. If something like that had happened to Victor Meldrew, we would not believe it, but it is routine at Mitcham jobcentre.

From the feedback that local groups and I have obtained, it appears that the worst advice is given to lone parents and to anyone looking for training rather than work. Lone parent advisers and personal advisers often do not know about courses that are available or they provide inaccurate information. Obviously, it is not just the jobcentre that runs courses, and many organisations and colleges also run them, but staff at Mitcham jobcentre do not seem to know which courses they sponsor. There is no written material to advise clients, who are often told to trawl through large numbers of prospectuses, even though they do not know what they are looking for or what might be there for them.

At the other end of the spectrum, there are examples of Mitcham jobcentre enrolling someone on an external course, saying that it includes child care, only for the parent to turn up and discover that it does not. With all the other pressures on young parents, such mistakes are extremely disheartening.

There is also the case of a young woman who was not able to pass any exams at school. She went to see her lone parent adviser to suggest that she wanted to be a beautician. The adviser apparently frowned at her and insisted that she should redo her GCSEs instead, even though it was far more likely that she would get work if she got training.

Many staff seem either not to know about particular jobs, training opportunities or benefits or to be unwilling to let people know about them. I regularly hear people say that they are not told about benefits such as in-work credit, which is an excellent Government initiative. It is a fixed tax-free payment of £60 a week—in London—for parents bringing up children alone and working at least 16 hours a week, and it is payable for up to 52 weeks on top of earnings. The problem is that people must claim before they start work, and the claim form must be completed and returned to the jobcentre within five weeks of starting work. If jobcentres such as Mitcham will not let their clients know that they might be eligible,

[Siobhain McDonagh]

clients could potentially lose out on £3,000, which is unfair. After all, £3,000 would make a real difference to someone's chances of staying in work.

I have also been told of several instances of clients not being informed of the discretionary funds that might be available to them, to help to pay for an interview suit, or for such things as fares and child care. It is as though a client needs to find out their entitlement, because the jobcentre will not let them know. Mrs. L came to see me because she had finally got a job but did not have the money for a suit or her travelcard. Mitcham jobcentre's response was to suggest that she should ask her new employer for the money up front. I am not sure that that is living in the real world. Clients are made to feel that they, not the jobcentre, should do the research and find out what is available for them.

Even when the advice is not wrong, and my constituents are not discouraged from applying, I often hear stories about Mitcham jobcentre miscalculating what people might be entitled to. One great thing that the Government have brought about is that people who are thinking about working are given an illustration of how much better off they will be. Many people in Mitcham and Morden have complex lives, with child care to worry about, and very high housing costs. The cost of housing in London is a particular problem, and merits an Adjournment debate of its own. It is a serious worry and can be a big disincentive to working. That is all the more reason to get the figures right at the beginning. The Government's tax credits are an enormous help to people looking for work, but if someone is advised that they will take home a certain amount, and they budget for that amount, a big mistake is not necessary for debts to mount up. Someone need not be many weeks behind on the rent for the debt to be more than £1,000. I am told by the citizens advice bureau that the biggest problems with calculations are with jobseeker's allowance and tax credits. The problem is frequently due to poor training.

Getting bad advice is catastrophic enough, but unfortunately I have come across several examples of Mitcham jobcentre treating people in a way that would not be acceptable elsewhere. A local community group has given me the feedback it has obtained from people after they have gone to the jobcentre in Mitcham. They say that they are made to feel dumb or stupid and are not treated with courtesy or respect. They feel exasperated, saying "I did not know where to go next." Understandably, people are unwilling to complain. They are nervous that it will affect their benefits, and they feel intimidated.

Mr. E from Morden recently contacted me to say that he had been out of work for more than six months. His story illustrates the discourtesy of the jobcentre, and the mistakes that it makes. He had child care responsibilities that meant that he could not work full time. He told me that he was pressured by Mitcham jobcentre to forgo his parental responsibilities or lose his benefits. Eventually it was he who found out about the new Government self-employment credit, which gives £50 a week if someone sets up as self-employed, to help them through the difficult first months in business. He told me that that was ideal for his circumstances, as he would be able to fit his work around his parenting responsibilities. Mitcham jobcentre had not told him about it. Indeed, he says that when he asked about it the staff did not seem to want to help. Mr. E says that he is the only person at Mitcham currently on that benefit, even though one would think it might be of interest to many people in a similar position.

I have also received complaints about form-filling. Staff will not help people to complete forms. That is not only unfriendly and unhelpful, but it leads to problems down the line, as some forms can be difficult to complete, even for those with a good standard of English. Mr. H and Ms B came to see me with a story about something that happened when they were in the jobcentre. Another client, with poor reading, asked staff for help with an application form for a job at Asda. The jobcentre staff refused, so Mr. H completed the form on the gentleman's behalf, and he got the job within the next few days. What is worse, incorrectly completed forms lead to delays in people receiving payments, or to people getting the wrong amounts, and perhaps having to repay money that they no longer have, so why will staff not help?

I have heard of numerous instances of forms being lost or not being received. One man's form was lost five times between Mitcham and Makerfield, where the forms are processed. When that happens, there is poor communication with Mitcham jobcentre. It is often difficult to get through to Makerfield. The onus always seems to be on the claimant and not the jobcentre to sort things out. There is an 0845 or 0800 number, but such numbers are not free to people calling from their mobile, and it always takes a long time to get through. Someone ringing the number must get through a lengthy automated inquisition, and pressing the wrong button means they have hung up, and must start over again. I am concerned about the use of 08 numbers for Government services. The people who most need them tend to be mobile users, who do not get 08 numbers free, or as part of their inclusive minutes. Several pounds can go down the drain even before a real person answers. The use of 08 numbers is a tax on benefit claimants; they should be free to all mobile users or changed to geographic numbers that are free.

I cannot believe that in this debate I must raise the issue of toilets. Even though claimants can often be expected to wait at the jobcentre for a long time, they are not allowed to use the toilet. Staff tell them to go to the pub or the betting shop, even when, as in the case of a young Muslim woman accompanied by children, that will cause considerable offence. Asking people to go to the pub or betting shop is inappropriate not just for the clients but for local businesses.

I could go on much longer, with example after example of poor service or advice, and that is why, last month, I held a meeting with the managers at Mitcham jobcentre, including the district manager at Jobcentre Plus. I was joined by a co-ordinator from Commonside community development trust. Commonside is an excellent and popular community group, based in Pollards Hill, one of the least affluent areas in my constituency. Its staff have been trained on benefits advice, and they often deal with people who have been bypassed by conventional sources of help. We outlined many of the cases and concerns that I have raised today, and promised to keep letting the jobcentre know when it got things wrong. Sadly, however, I have not noticed an improvement, and as the local MP and the Government's eyes and ears on the ground I want to use this opportunity to make

Ministers aware of the gap between what the Government hope for, and the reality for people who need help in Mitcham and Morden.

I cannot say whether the difficulties experienced by my constituents are unique to Mitcham, or whether they apply more widely. After all, my local jobcentre is the only one about which I receive complaints. However, it sometimes gives bad or incomplete advice, and on occasions the advice is given discourteously and disrespectfully. Perhaps that is due to poor training. Perhaps it is the culture of the jobcentre. However, clients often feel that they are treated as a nuisance, rather than as real people who want the best opportunities for their families. The Government have introduced some wonderful initiatives that should be a great help to people looking for work or training. Good public services matter to us and to my constituents. However, unless the people on the ground are as helpful, imaginative and thoughtful as the initiatives themselves, they will not deliver all they could.

12.46 pm

The Minister for Employment (Jim Knight): I congratulate my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) on securing the debate. I am sorry that she has, as we have just heard, a long list of complaints, and that she feels that the people who work in Mitcham jobcentre are ill equipped and have, at times, a poor attitude. I pay tribute to the 54 staff who work there. They deal with 3,000 claimants a month and, according to the measures that I have seen, they do a good job in one of the top-performing jobcentres in one of the top-performing districts in the country. That is why my hon. Friend's remarks are of great concern to me.

In the period in which she has represented her constituents my hon. Friend has, I know, had by and large a good relationship with the jobcentre; she has visited several times and has been assiduous in representing her constituents there. I hope that she will continue to feel able to raise individual cases directly with the local manager. Obviously, staff are currently dealing with an increased footfall of people coming to use the services, as a result of the global recession.

The most devastating effect of any recession is its impact on families and individuals. When someone loses their job it can create a domino effect, leading to uncertainty around home life and putting stress on relationships. It can be a very worrying time, which is why the Government put such emphasis on getting people back into work. Similarly, for people trying to get back on their feet, people who have been out of work for a long period, or those who need help in finding appropriate child care or managing a health condition, the recession can make those first steps into a job just a little harder, as competition for work increases.

For the Government, unemployment will never be a price worth paying. That is why we have invested an additional £3 billion in Jobcentre Plus services since November. That extra money means that Jobcentre Plus has been able to recruit 7,000 staff and will add a further 9,000 to its work force by October. Staff have been recruited on the basis of local need.

In the last decade unemployment in Mitcham fell to historically low levels. At its lowest point, at the end of 2007, 2.1 per cent of the local population was unemployed. As a result of the global recession, that has crept up; it now stands at 3.8 per cent. However, it is worth noting that although youth claimant unemployment has increased by 1 per cent., long-term youth claimant unemployment has fallen by 75 per cent. since 1997, which shows that Jobcentre Plus is turning even young people around quickly and getting them back into work. The employment rate has risen in Mitcham by 5.6 per cent., and the number claiming lone parent benefit has fallen by 16 per cent. A long list of statistics shows that in Mitcham, as elsewhere in the country, the service has been effective in helping people back into work.

As I said, the number of staff in Mitcham has been increased from 44 to 54. As of yesterday, it extended its opening hours by one hour and will now stay open until 6 pm, Monday to Friday. Those additional resources mean that, despite increased demand for services in Mitcham, new claimants still get a first interview within three days and new claims will be processed in just over 10 days. Investment in Mitcham will continue. A further nine staff have been recruited and are expected to start work before September.

We have demonstrated that Jobcentre Plus is able to adapt to current economic circumstances and deal with the increased number of customers. Indeed, despite twice as many people claiming jobseeker's allowance as claimed it two years ago, benefits are paid sooner and half of new claimants still leave JSA within three months. Significantly, the changes that we made over the past decade meant that when the recession hit we were able to respond to the new demands, delivering all the new help that has been developed as well as the ongoing support that we are giving to disadvantaged groups.

We are determined not to repeat the mistakes made in previous recessions, when many people were left to fend for themselves and expectations on them were lowered. For example, in the early 1980s, the conditionality for unemployment benefit was relaxed so that it was no longer necessary to register at a jobcentre to receive benefit, and it is estimated that the claimant count in 1986 could have been as much as 4 percentage points higher than if that had not been the case. A similar increase in the claimant count today would equate to about £4.5 billion of benefit expenditure. It is estimated that the active measures that we have taken during the recession have resulted in unemployment being 500,000 lower than would have been the case if we had done nothing.

I am concerned that my hon. Friend feels that people in Mitcham and Morden are not getting the high level of support that she and I would want. Mitcham Jobcentre Plus has four lone parent advisers. I know that lone parents are a great concern of my hon. Friend; she regularly speaks about them in the House. Those advisers are specially qualified, and trained to recognise the particular barriers faced by lone parents and to help them gain access to additional support so that they can get back into work. A vast programme of comprehensive training helps Jobcentre Plus advisers to understand the pressures on lone parents; it includes a one-day workshop delivered by the lobby group Gingerbread, which has particular expertise in the subject. It seeks to break down stereotypes and educate advisers on the particular child care problems that lone parents face.

The Government are committed to ensuring that their policies support the well-being of children and families. Only last week, in the other place the Government

[Jim Knight]

introduced a series of amendments to the Welfare Reform Bill that do just that. They set in primary legislation the fact that the well-being of a child must be taken into account when a jobseeker's agreement or action plan is drawn up with a parent, and that victims of domestic violence will be exempt from meeting jobseeker's allowance conditions for the first three months. We have included a commitment in the Bill that those conditions will not be extended to parents of children under three years of age.

Siobhain McDonagh: There is a disjuncture between the figures and the reality as seen by my constituents. Is my hon. Friend interested in visiting the jobcentre in my constituency and talking to some of the local groups in order to understand their feelings? The purpose of today's debate is not to criticise the Government's initiatives but merely to say that they should be carried through to effect and that people's experience of them is important. I therefore extend my offer.

Jim Knight: I am always grateful for such invitations. I was about to make a similar suggestion. I know that one bad experience of a jobcentre can colour a person's view of the entire service. I do not want to underestimate the seriousness of my hon. Friend's complaints. It is a challenge to deal with an increased number of customers and to recruit and train staff to make every contact with Jobcentre Plus satisfying for our customers. It is a challenge that I want us to be able to meet.

The target for customer satisfaction is currently 86 per cent.—a magical figure—and nationally we are achieving 89 per cent. We use mystery shoppers to sample customer service at jobcentres. I shall certainly ensure that that occurs in Mitcham, and I am happy to try to find time in my diary to visit my hon. Friend's constituency and discuss with her some of the cases at the Mitcham jobcentre. My hon. Friend will know better than me the support and training that is available in her constituency. I hope that the staff of the local Jobcentre Plus are as expert as she is, and that they can advise all customers, and not only lone parents, on the opportunities available to them. However, if she believes that that is not being properly communicated to lone parents, or to any other unemployed group in her area, I would be happy to meet her.

Finally, I alert my hon. Friend to some of the excellent outreach work being organised by Jobcentre Plus in her area. I would not want those listening to our debate or reading about it in the official record to think that all is bleak in Mitcham. As I said earlier, Mitcham is a high-performing office.

My hon. Friend will know that Mitcham has a large Somali community, and that 70 per cent. claim benefits, many because they are lone parents. Since last September, Jobcentre Plus has been working with community leaders, the Merton racial equality partnership, local authority representatives and the police to promote the support on offer to that community. That includes providing interpreters, organising network events with Jobcentre Plus specifically for the Somali community, and promoting the benefits of a diverse work force to local employers.

In the next few weeks, lone parent outreach workers will be joining staff at the Lavender centre, one of the Government's excellent new children centres, where they will be able to reach more lone parents and offer personalised back-to-work support in a neutral setting. A further two advisers will begin working from Mitcham community centre, and another will be placed in Carshalton college. In addition, the local jobcentre has forged a number of local employment partnership agreements with key employers, including Merton council, the Metropolitan police and Morrisons, as well as hundreds of small businesses. Local employment partnerships are a great way to support the local community. Not only do they give local people access to jobs, but the links built between people and businesses benefit the whole area.

My hon. Friend raised a series of complaints, some of which will be disputed by the staff and the manager at the Mitcham jobcentre. However, I promise to explore her complaints. Some were caused by problems at the processing centre in Makerfield. I have been told that crisis loan processing takes one and a half days. Due to its nature we must ensure that it is processed quickly and that people get their money as soon as possible. I will look into my hon. Friend's accusations of staff having a lack of imagination and taking a poor attitude: imagination and attitude are important for staff seeking to get people back into work.

My hon. Friend mentioned faxes, photocopiers, toilets and so on. I discussed photocopying before coming here this morning, and I understand that there are problems with staff being diverted to photocopy documents. However, if someone is in desperate need of a photocopy, perhaps to meet a deadline, there should be some flexibility in how the rule is applied. I am happy to continue exploring those issues.

My hon. Friend also asked about the use of 0800 and 0845 phone numbers. The permanent secretary to the Department is actively pursuing that with the mobile phone operators. I share some of her concerns on that matter. Some of our most needy claimants do not have access to a landline but use a mobile phone. We must ensure that the 0800 and 0845 services that we offer are fully accessible to them at no cost. That is our aspiration, but we are having to explore the matter with the phone companies.

I thank my hon. Friend for an interesting debate. I expect that some of the issues raised today, although very much focused on her constituency, are of interest to others in the House, because tackling unemployment is the key Government priority during the recession. The active measures that we are taking have resulted in a performance in respect of unemployment that contrasts with that in previous recessions. The use of fiscal stimulus and the difficult decision to invest £5 billion, which only the Labour party supports, are resulting in unemployed people being turned around much more quickly in Mitcham and Morden and elsewhere. Ultimately, I am sure that that is supported by all my right hon. and hon. Friends.

Structured Products Marketing

1 pm

Mr. Edward Vaizey (Wantage) (Con): I am grateful, Mr. Cummings, for the opportunity to raise this important issue; it has affected thousands of people who have lost millions of pounds in savings. I think that this is the first time that the matter has been raised properly in the House, and it provides an opportunity for a Treasury Minister to respond to the issues, although it is a mild disappointment that we have only half an hour for this debate.

In November last year, I was contacted by Peter Howard, a constituent of mine, who bought a structured savings product from NDFA financial advisers and subsequently lost all the money that he invested—£50,000—when Lehman Brothers, which it transpired had backed the product, was declared bankrupt. Structured products are a type of bond tied to the performance of other investments and sold by specialised subsidiaries based in tax havens. I do not pretend to understand the full complexity of the products—if I did, I would probably be living in a tax haven myself.

A number of issues arise out of Mr. Howard's personal catastrophe and that of many thousands of British citizens like him. First, NDFA, and other financial advisers, had advertised the structured product as 100 per cent. capital secure. Even I, with my layman's understanding of financial products, understand what that means and, more importantly, what it is meant to mean to those considering buying such a product. Investors were led to believe that their savings would be entirely safe. Comments such as, "100 per cent. capital secure", "full return of capital maturity" and "capital growth without risk to your capital" are found 17 times in some plans, as opposed to one misleading, confusing and complicated risk warning found in the middle of the accompanying documentation.

Secondly, the fact that the product was backed by Lehman Brothers was hidden. When Mr. Howard bought the product, Lehman Brothers was already in trouble, and its involvement would have been a material fact that could have affected his decision to invest. Thirdly, many investors who expressed any concern about the return of capital, or asked their advisers whether there was any risk, however remote, to their capital, were told—misleadingly—that the product was covered by the Financial Services Compensation Scheme.

As I have mentioned, Mr. Howard is not alone: 6,000 British investors have lost their savings, and the total amount saved and lost is £200 million. A Mr. Moist invested £200,000 that he had made from the sale of his business. He told his Member of Parliament that he asked his adviser, Lloyds bank, what would happen if the bank went bust, and was told not to worry. Others have lost their nest eggs, redundancy payments and lump sums from their pensions. It is a personal catastrophe for many thousands of individuals. Many colleagues have constituents who have been affected, which is why a longer debate would have been preferable. Any constituent who has contacted their Member of Parliament should not be concerned by their absence today—many have been in touch with me, and we are in constant communication on the matter. They will be following up this debate. Fifty-four hon. Members have signed my early-day motion 1432 on this subject, which reveals the extent of the problem.

Indeed, this is a global phenomenon, with tens of thousands of people affected and street demonstrations in places as far afield as Hong Kong and Hamburg. I first contacted the Treasury on this matter in November 2008, and finally received a reply, on 15 April 2009, from Lord Myners, the Financial Services Secretary. Colleagues will not be surprised that the letter begins:

"I am sorry for the delay in replying".

He then states that the

"FSA is working closely with PwC, the Lehman administrators, to gain a full understanding of the numbers of investors affected by this issue".

The letter goes on to set out the standard procedure for investors who feel that they have been misled: to complain to the firm that sold them the product and then to the financial ombudsman—in other words, the Treasury washed its hands of the problem.

On 27 October 2008, my hon. Friend the Member for Blaby (Mr. Robathan) also wrote to the Treasury, and received a reply on 22 April 2009, again from Lord Myners, in which he elaborated and said that the Financial Services Authority was

"considering the marketing material and risk disclosures in communications issued for the products affected...The FSCS protects investors against fraud and negligence by authorised investments companies and financial advisers, but not poor investment performance".

I slightly admire Lord Myners' use of the phrase, "poor investment performance". It reminds me of the "Monty Python" sketch about a dead parrot. "Poor investment performance" is an understatement when someone invests £200,000 in a product advertised as 100 per cent. capital secure and then wakes up some weeks later to find that their investment is worth precisely zero. But "poor investment performance" is the phrase that the Treasury likes to use in this case.

In a letter dated 4 December 2008, the FSA makes it clear that people who have lost their money in this way

"are not eligible to claim for compensation from the FSCS"

because their contract was with the financial adviser and not with Lehman Brothers. On 19 March 2009, the FSA indicated what it was doing to investigate the matter. NDFA, in Mr. Howard's case, had maintained that it had been told by Lehman Brothers that it was prohibited, under EU law, from naming it as the underlying provider of the product. The FSA states that it is

"currently looking in detail at marketing literature...at the adequacy and sufficiency of the risk and product disclosure",

although it continues to maintain that the FSCS does not cover this issue.

NDFA has tried to defend itself by attacking the investors who have lost money, saying that their campaign is an attack on the financial services industry at large, which should give us all cause for concern. Too right! As *Business Week* reported on 6 May, Lehman Brothers Treasury sold $35 billion of dubious bonds to small investors in Europe and Asia. It reports that brokers in Asia

"plied small investors, a few of them mentally ill, with free digital cameras and flat-screen televisions".

That is not the way that we want the financial services industry or financial advisers to behave. So this is an attack on the industry and NDFA and other cavalier

[Mr. Edward Vaizey]

advisers like them. NDFA and other advisers sold these products and they cannot simply walk away. As another adviser put it,

"we also don't run with terms which seem too good to be true... Both Bear Stearns and Lehman Brothers pushed for business and offered fantastic terms but we declined".

The product was inherently unsafe, devised by a greedy bank and misleadingly sold by greedy financial advisers to people for whom it was inherently unsuitable.

Sir George Young (North-West Hampshire) (Con): I am grateful to my hon. Friend for performing an enormous service in initiating this debate. He will know that many of our constituents have referred their case to the Financial Ombudsman Service, which is waiting for the outcome of the FSA widespread investigation. Can he shed any light on the time scale of the FSA investigation, which will in turn unlock the references to the FOS?

Mr. Vaizey: I shall put that question to the Minister when I conclude. It is important for our constituents to be aware of that investigation.

In the jurisdiction of Hong Kong, advisers who sold such products appear to have had their feet held to the fire. Hong Kong's regulator has forced them to pay back some of the money to investors. In January, Sun Hung Kai investment services paid back £8 million to 310 investors, and only last week Bank of China Hong Kong announced that it will buy back bonds at between 60 and 80 per cent. of the original price—a total of $322 million.

As my right hon. Friend indicated, the role of the FSA has proved frustrating for many of our constituents. How could it have allowed financial advisers to market products as "100 per cent. secure" and "100 per cent. guaranteed" when there was obviously an inherent risk? Why is the FSA—and the Treasury—now hiding behind procedures that are clearly inadequate when it should be taking action? Why is it not using its power to force such advisers to come forward with proposals for compensation? How can it argue that this is an issue of investment performance and not one of negligence? Why does it pretend that the contract was effectively between Lehman Brothers and the investors when, clearly, there was a contract between our constituents and the financial advisers who sold them such products?

Will the Minister tell us why the Treasury and the FSA believe that such products are outside the scope of the FSCS, and use the opportunity to set out exactly what the FSA is doing? What is the scope of its investigation, what are its terms and when will it be completed? What does the Minister think are the possible range of outcomes of the FSA inquiry?

As I said at the start of the debate, 6,000 people have lost their life savings. They have not done anything wrong. They were not playing the markets, gambling or day trading. They were buying products, mostly at the end of their working life, which were advertised as 100 per cent. capital secure. They specifically bought those products because they wanted to keep their capital secure. They have been left high and dry, not with poor investment performance, but with losing every single penny of their investment. Those of us who contacted the Treasury on behalf of our constituents had to wait four or five months for an initial response. We now have an FSA inquiry going on behind closed doors, and nobody knows what its terms are, when it will be completed or what the possible outcomes are. This is a great opportunity for the Minister to set out in detail what is going on in this significant financial scandal.

1.12 pm

The Exchequer Secretary to the Treasury (Sarah McCarthy-Fry): It is a pleasure to serve under your chairmanship, Mr. Cummings. I congratulate the hon. Member for Wantage (Mr. Vaizey) on securing the debate and thank him for his constructive approach to this important subject. I am sure that it is not just his constituents who are interested in this debate, but constituents of other hon. and right hon. Members.

Structured products are essentially pre-packaged investments that use derivatives to offer investors exposure to the performance of an underlying asset or index. Typically, they offer a full or partial capital guarantee from a third party that the investor will get at least their original investment back, although inflation would mean that it was less in real terms. The majority of the investment is usually used to issue a bond, providing the capital guarantee element, while the rest is used to generate an additional return in the form of an option.

Typically, investment banks are the third-party issuers of the bonds and therefore the providers of the guarantee portion of the structured products. Following the collapse of Lehman Brothers Holdings in September 2008, the FSA identified 5,620 retail investors who had invested in structured products in which 100 per cent. of the guarantee of the return of their capital at maturity had been provided by Lehman Brothers. The investors had invested around £107 million in three products. The products were marketed by four plan managers, with 95 per cent. sold via some 800 intermediaries. The average investment was £14,500. Most products were sold during the second and third quarters of 2008 and their maturity dates are typically in 2013 and 2014.

A stable and secure banking sector in which people have confidence is essential to the function of a modern economy. This is why the Government intervened to protect depositors and maintain a stable banking system. However, as I am sure hon. Members appreciate, it is not the Government's role to guarantee that investments always perform as well as investors hope.

The Financial Services Compensation Scheme was established by the Government under the Financial Services and Markets Act 2000 as part of a system of financial services regulation that provides consumers with statutory protection. In particular, it protects investors who have incurred financial losses arising from regulated activities under the 2000 Act when firms regulated by the FSA, including authorised investment companies and financial advisers, are unable or are likely to be unable to pay claims against them. However, the FSCS does not cover claims arising solely from investment or market performance. The FSCS assesses the eligibility of each claim presented to it on a civil liability basis, in the light of the available information and on its own merits. FSCS pays compensation only when a claimant has suffered a financial loss.

In the cases under discussion today, it has not been possible to establish a civil liability owed by the firm to retail claimants, as there was no direct relationship

between Lehman Brothers and individual consumers. However, if it emerges that any of the plan managers have caused customers to suffer a financial loss and cannot meet their liabilities, the FSCS may be able to help, but only in circumstances in which the FSCS eligibility criteria are met—in particular, that a civil liability can be established.

The Government have intervened to protect depositors, such as those who held their money in the Icelandic banks. However, parallels should not be drawn between depositors and those who invested in structured products with a guarantee backed by a third party, such as Lehman Brothers. The hon. Gentleman also asked about FSCS cover for structured products. That cover will depend on the nature of the structure that is used. The absence of compensation cover may constitute a key risk and that would therefore need to be disclosed.

The hon. Gentleman asked about terms such as "guaranteed", "protected" and "secure" in advertising material. The FSA does not have any prescriptive rules or guidance on the use of such terms, but, at all times, firms must comply with their high-level duty to ensure that promotions are fair, clear and not misleading. Firms should consider the nature of any capital guarantee or protection and ensure that any reference to them is fair and accurate. In cases in which firms have to identify explicitly a third party guarantee, the information about the guarantee must include sufficient detail about the guarantor and the guarantee to enable the retail client to make a fair assessment of the guarantee.

Under both EU and UK legislation, the FSA is responsible for the regulation of UK-based firms that provide investment products or services. As far as structured retail products are concerned, it has several responsibilities, including the regulation of firms that provide financial advice, which may be to buy such products and the assessment of the capital adequacy of firms that may provide the debt instruments that underpin structured products. It does not regulate retail structured products as a class of products as they may take many different forms and structures, each of which will have different regulatory implications under its regime.

It is not part of the FSA's role under the 2000 Act to make comments on or assessments of the generic suitability of types of products for retail investors. However, it considers and enforces relevant disclosure and advice requirements arising from the EU prospectus directive and the markets in financial instruments directive, both of which have been fully implemented in our regulatory regime. As I said, marketing documentation provided to investors about such products must be clear, fair, and not misleading.

I hope that the hon. Gentleman w[illegible]ured by the fact that the FSA has been actively investigating the marketing of such structured products ever since the effects of the Lehman fallout became clear. At the end of 2008, the FSA initiated a programme to review the marketing literature of the plan managers who provided such products. The review looked at whether they had complied with the financial promotion rules when marketing their structured products. In particular it considered how the market risk is described—the risk of loss of capital protection—how credit risk is described and the risk that the guarantor cannot meet his obligations. It also looked at whether the description of any guarantees was fair and balanced; whether statements about the availability of compensation cover were fair and clear; and whether the plan managers took action to alert investors following the downgrade of Lehman Brothers in 2008. That initial review has been completed, and the FSA is now assessing the most appropriate course of action to take in the light of the findings, which will probably involve visiting intermediaries and investigating the advice that was given.

The FSA's programme of work is extensive. In addition to the review of marketing literature relating to Lehman-backed products, the work also involves reviewing the structure, risks and quality of marketing disclosure in the wider marketplace. Furthermore, the FSA has put in place a thematic project to assess the quality of advice given by a sample of the 800 financial advisers who sold the products.

In the light of the review, the Financial Ombudsman Service and the FSA jointly agreed to initiate the wider implications process, as that may have a greater chance of remedying any consumer detriment. It could also be able to deal with the concerns of more consumers' than those who have referred cases to the FOS. I shall speak in more detail about the process in a moment.

I can assure hon. Members that the FSA is aware of the frustration of those who have made complaints and of my fellow hon. Members who have spoken on their behalf, but it is easy to see that much hangs on legal issues. Premature public statements could compromise any future FSA action on firms, or pre-empt its eventual assessment of risk in the market. However, as I have set out, the FSA is fully engaged with the issue, as it has been from the start.

As hon. Members will understand, with our highly globalised financial system, the international element is crucial, so the FSA has been working with the Committee of European Securities Regulators on a taskforce to consider how structured products are distributed and sold to retail customers across Europe. Notwithstanding that the products are written for long durations, with most maturity dates in 2013 and 2014, and that most investors would not have expected immediate access to their money even in normal circumstances, the FSA will continue to focus on addressing the matter as quickly as possible. We expect a definitive resolution well in advance of the time when most of the investors would have expected their money back.

The FOS and the FSA agreed to initiate the wider implications process on 7 May. That means that adjudications on complaints in relation to Lehman-backed structured products have been deferred to allow the FSA to investigate options for a regulatory solution that could reach a greater number of investors and address other issues arising from the sales of the products to retail customers. The process was designed to look at the implications of an issue rather than to assess the implications for individuals on a case-by-case basis. It provides a transparent means of bridging any regulatory gaps or resolving overlaps between the FSA, the FOS and the Office of Fair Trading on significant issues, particular those that could give rise to widespread consumer detriment.

The independence of the FOS and the FSA is vital in their roles of providing a safety net for consumers with complaints against financial services firms. Their credibility, authority and value to consumers would be undermined

[Sarah McCarthy-Fry]

if it were possible for the Government to intervene in their decision making. The FOS will review the position following an update from the FSA on 10 August 2009.

The Government stand by the principle that investors should have access to transparent information about the risks involved in any investment, which is why we fully support the comprehensive work that is being done by the FSA and others. We certainly appreciate that such circumstances can cause a great deal of uncertainty and worry.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): May I take the Minister back to the remarks she made a few moments ago? I understand her line of argument on sector-wide regulation and the regulation of a category of products, but the problem is that we have a specific example of a product that was sold to a group of customers who were mugged, frankly, by that company. We are not talking about a City-wide practice; we are talking about just one case. The Lehman-backed products were being sold in a misleading way, and it has caught out a large number of people up and down the country. They are looking for a specific solution. They are not interested in sector-wide, generic approaches; they want answers now. They have lost their life savings.

Sarah McCarthy-Fry: I appreciate that the hon. Gentleman's view will be shared by the investors, but surely it is our responsibility to ensure that the FSA looks at the products. That is why, having looked at the marketing literature, its officials are going to take a sample of the advice that was given so that they can definitively say that what happened is what the hon. Gentleman says happened. It is not for me to say, which is the reason for the FSA investigation. Under the wider implications process, we may be able to help more investors, if what he says is proved.

I do not think we should trespass on the domain of the independent bodies that regulate our financial services. As I said, we expect a definitive resolution well in advance of the time when most of the investors would have expected their money back. In the meantime, we will continue to work to support the financial system to protect depositors and to secure jobs.

Ballistic Missile Defence

1.25 pm

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): It is a pleasure for me to state my case before you in this short debate, Mr. Cummings. I am particularly pleased that the relatively new Armed Forces Minister is here to respond on a subject that I have taken up with several of his predecessors.

We are here to talk about UK policy, but in a sense, that cannot be divided from American Government policy. By way of background, I should like to put on the record some comments that were made recently by the American deputy Defence Secretary, William J. Lynn III. He told the Senate Armed Services Committee that missile defences

"are affordable, proven, and responsive to the threat."

He later went into great detail about such defence systems. He was talking about the additional budget requirements that had been set out to include things such as terminal high-altitude area defence, the Aegis ballistic missile defence ships and standard missile 3 interceptors.

Those details are important, because we tend to think of missile defence as being some kind of science fiction or that it comprises initiatives like star wars, which involved popping things out of the sky. In fact, an array of weapons systems come under the broad aegis of missile defence. If I recall, the figures that were bandied about when the current system was first proposed were enormous. I had never imagined such figures at the time, but since the banking crisis, they have become everyday. People were talking about $500 billion for the total cost of the defences, but they were pie-in-the-sky estimates—guesstimates—simply because the technology was not known and nobody knew what to expect. What we do know is this: the systems are very complicated and very expensive.

I should like to go back to that first quote that said that the missile defences are

"affordable, proven, and responsive to the threat"

because, frankly, I was mystified when I read what Mr. J. Lynn III later told the Armed Services Committee—that missile defence is expensive. He recognised that although it is affordable, it is a very expensive exercise. Having said that it is "proven," Mr. Lynn emphasised the need for robust testing. At the same time, he terminated the troubled kinetic energy interceptor and the multiple kill vehicle programmes, and returned the airborne laser to a technology demonstration programme. He said that some facets of the programme that had been shown to be unworkable and untenable had to be cancelled.

That outcome was postulated a long time ago by experts in the field such as Ted Postol and Richard Garwin. Not only are they eminent scientists, but they are former presidential advisers, and they said it was unworkable. They said that the technology was not only unproven, but that it could not be proved. I still argue that we do not have a clue how effective the proposed systems are or might be in future. The common metaphor is a bullet hitting a bullet at 15,000 mph. That is the kind of objective that the technology seeks to achieve, and frankly, it does not seem to work.

The final part of the quote is "responsive to the threat". I got a research paper from the Library and was particularly taken by its account of what is happening on the other side of the globe, in the far east, in relation to North Korea. Wallace Gregson, a senior US Defence Department official, was quoted as saying that the present policy on containing North Korea has not worked. Responding to the renewed debate in Japan about whether that country should develop its own nuclear weapons capability, Gregson said:

"Japan certainly has the right to consider all available options".

That is at the heart of the whole question of missile defence. If it does not work, what is its use? Is it a deterrent? Does it in any way inhibit the likelihood that nuclear weapons will either be acquired by other states or be used by rogue states or terrorist organisations? Yet a senior official is actually suggesting that it is perfectly well and good for Japan, or indeed South Korea, to go along the road of acquiring nuclear weapons, at a time when one of the great challenges is to prevent nuclear weapons from getting into the hands of, for example, Iran.

There seems to be a contradiction. If a country's face fits in the higher echelons of today's nuclear-capable powers, it is okay for it to have nuclear weapons; but if a country has been deemed, for whatever reason, to be an unacceptable or rogue state—the definition tends to emanate from Washington—it cannot have those weapons. It is those very rogue states against which ballistic missile shields are supposed to defend us. That is where I have some concerns.

Anybody reading the papers today would have been absolutely convinced that the meeting between Presidents Medvedev and Obama in Moscow was a great success for the whole question of reducing the nuclear threat, which I imagine is a prime purpose of our foreign policy in that area. Of course, it depends what people read. The BBC online news headline reads "US and Russia agree nuclear cuts". *The Times* shows that that is plainly untrue; I will explain why in a moment. *The Times* headline is "US and Russia to cut nuclear warheads—but no deal on missile defence". That is partly true. *The Guardian* headline is "US and Russia agree nuclear disarmament road map". We are getting nearer to the truth.

The truth is that what has actually been agreed is the aspiration that when START 1 ends in December this year, there will be a commitment to commence START 2, in effect, to reduce the number of warheads. I seem to recall the rather improbable figure of 1,675 warheads apiece. That is still many times the number required to smash each other into smithereens. Nevertheless, that is going on.

The other side of that equation is missile defence, because there is no agreement on that. That is at the heart of my concern about our policies and our connection with missile defence. I am not trying to raise the global issue; I am talking about what is happening here in Europe. After all, we are members of the European Union and NATO. What happens in terms of missile defence proposals, particularly in Poland and the Czech Republic, impacts strongly on the United Kingdom and its interests in the wider European sphere.

There is little doubt that there are grave concerns in Russia about the current American proposals. Where do we come into that? We are an integral part of the ballistic missile shield. The shield, by the way, has nothing to do with Europe. It does not even pretend to be a protective shield for Europe. Whatever it is, it is supposed to protect the United States. Nevertheless, two sovereign bases in the United Kingdom—Menwith Hill and Fylingdales—are meshed into the system. In the case of Menwith Hill—it might be the other one—that was agreed without any reference whatever to Parliament. It is a matter of record now that the former Prime Minister was prepared to base interceptor missiles in the UK, certainly without any reference to Parliament. It is that uncertainty—the ability of missile defence to destabilise—that ought to be a matter for concern in this House and beyond.

I return to the development of missile defence, because we must contextualise it. It took off when the United States withdrew in June 2002 from the anti-ballistic missile treaty, ensuring that it could embark on a missile defence scheme legally in terms of international agreements. Many believe—rightly or wrongly; it does not matter whether it is true—that the system, placed in Europe as envisaged by the Bush Administration, would give the US the capacity to attack another country without fear of retaliation.

Both Russia and China expressed fears along that line. That does not necessarily mean that they were obsessed by the idea that it was an offensive system, but they saw the concerns registered by academics and many others about the siting of the system, because it was not just done in splendid isolation; it was done in conjunction with NATO expansion, and it created serious tension between the US and Russia and, by extension, us. It certainly increased the possibility of a new arms race. Right up to today, in what Medvedev says and what has been issued officially from the meetings in the run-up to the summit, the Russians still hold that view. They are concerned.

In my view, whatever has been proposed and aired in the press in recent days holds no water if there is to be no agreement on missile defence. It is to be hoped—there is room for optimism—that the Obama Administration have their own reservations and recognise the destabilising effect. If that can be translated, against other elements in Washington and beyond, into some sort of positive action to allay the fears of people in Russia as well as many in parts of eastern Europe and the United Kingdom, that would be welcome. It would certainly be welcomed by most people in the Czech Republic, who, as has been shown time and again in poll after poll, want no part in having any trace of a ballistic missile screen in their country. Over a long period, we have had a lot of concerns about the circumstances facing us in eastern Europe, not just because of the missile defence proposals but because of the seemingly concomitant expansion of NATO.

Today's *Times* said:

"Mr. Obama insisted that it"—

that is, the missile screen—

"was directed against potential threats from Iran and North Korea and could not affect 'a mighty Russian arsenal'".

It is one thing to say that, but the perception is another thing. The missile screen was likened in one colourful metaphor to a 21st-century Maginot line, meaning that the real threat could come around it. That has certainly bothered a lot of military thinkers in a time of asymmetric

[Mr. Peter Kilfoyle]

warfare, as it is known: there is far more likelihood of a so-called rogue nation planting an atomic weapon in London or New York, if that is their bent. They could get it in on the back of a wagon, in our case, or on a ship. Even if they had the technology, the wherewithal and the finances, there are a dozen and one ways to introduce such a threat other than by making use of an expensive, traceable and obvious delivery system of the sophisticated type to which we are used.

Russia has displayed a negative attitude to missile defence on a number of occasions. That affects us directly. Policies that do not have the support of the Russian Government might not be in our military or economic interests, and are certainly not in our diplomatic interests. For example, the overflight of troops and equipment bound for Afghanistan could be affected—there have been announcements on that today. It would be extremely helpful if the Russians ensured that the overflight facility, which enables the effort against the Taliban and the remnants of al-Qaeda in Afghanistan to continue, was maintained. However, what is opened up can easily be closed down. I hope that the recent series of meetings has brought us out of the sort of cold war mark 2 that there has been. We do not want to go back into that because it could damage the effort to stabilise the situation in Afghanistan.

We also need Russian co-operation over the Iranian nuclear programme. The Russians have co-operated strongly in the building of Iranian nuclear power facilities. People have different views on whether the Iranian uranium enrichment programme is a good or a bad thing, but as long as there is a fear that it will spill over into the development of nuclear weapons, we must have all the powers we can muster to persuade the Iranians not to go down that path. We need Russian support in that.

We need Russian support on many international challenges such as terrorism, climate change and people trafficking. We must ensure that Russia is on side for START 2, which is due for renegotiation and implementation by December this year. Last but not least, we need Russian co-operation on the security of energy supplies to western Europe, including the UK. Looking at a map, it does not seem like the new pipeline through Georgia and South Ossetia will have to go a million miles. However, we saw what happened in the war between Russia and Georgia. If the one independent pipeline becomes the subject of a conflict by proxy, it could cause immense problems for our energy supplies. We should be aware of that and should seek the co-operation of the Russians. One way to get their co-operation would be to allay their fears over missile defence.

As I said, we are talking about a system designed to make one missile hit another at 15,000 mph. It does not work. Decoys were used in getting the right test results, but nobody can say that these systems work. The United States has not tried the system against simple decoy systems of their own. Any so-called rogue state that can develop a missile to carry a warhead into continental Europe will have the wherewithal to put out decoys to upset any kind of missile defence system.

The system has nothing to do with the protection of Europe; it is about the protection of the United States, albeit an ephemeral protection. The Fylingdales early warning and tracking radar is involved. I have been there to see the improvements to the system and do not challenge its capabilities. Whether it should be used for the good of America rather than the good of the United Kingdom is a moot point. The integration of Menwith Hill into the system has never been debated in the House. A full debate is well overdue to provide parliamentary accountability of the Executive in this area.

Polls in the host countries show that 55 to 70 per cent. of people are opposed to any part of the system being sited in their country. That is destabilising. It is a matter of definition what a rogue state is.

Further down the track, there is a danger that missile defence policies will be seen as a step towards the expansion of anti-satellite technology. Hon. Members will be aware that such warfare in space is singularly prohibited. It would be a short step from anti-ballistic missile objectives to anti-satellite warfare. Interestingly, there has been a shift in opinion here and in the United States. Whether 19th and 20th-century solutions are applicable to the conflicts of the 21st century is being questioned. Doubts are being expressed about aircraft carriers, super-duper fighters and bombers, and so on. However, missile defence is the one area that appears not to be questioned. Some well briefed newspaper accounts point towards micro-satellites, with the implication that there will be a battle over communications and cyber potential via satellites in the stratosphere. That would be a dangerous development.

I hope that Her Majesty's Government will begin to look at what is in the best interests of the United Kingdom and our partners in the European Union, rather than have imposed upon them the views of an outdated and outvoted US Administration, who have thankfully been cast into oblivion. The Government's involvement in the American missile defence programme is of particular concern.

1.47 pm

The Minister of State, Ministry of Defence (Bill Rammell): May I reassure my Friend the Member for Liverpool, Walton (Mr. Kilfoyle) that what drives me as a politician and a Minister on these issues is our national interest? That is my overriding and fundamental priority. I congratulate him on securing this debate. Although we do not always agree, as will become clear in this debate, I greatly respect the honesty and integrity that he has brought to these issues over many years.

Other than the US, the UK and France, about 20 countries possess ballistic missiles. In 2007, there were 100 non-US ballistic missile launches around the world, which is 30 per cent. more than in 2006 and slightly fewer than in 2008. Those figures reflect the determination of many countries to acquire a ballistic missile capability. Although many countries possess only short-range weapons that do not threaten the UK mainland, we remain concerned by missile development in countries such as Iran and North Korea.

We recognise that neither of those countries has a confirmed long-range ballistic missile capability, but Iran does possess a medium range missile, the Shahab 3, that could reach Turkey and much of the middle east. The recent test firings of those missiles and the accompanying rhetoric is a worrying development.

Reports suggest that Iran is developing longer-range missiles that in time could pose a greater threat to the UK and our European allies. Tehran has acknowledged that it is pursuing a space launch capability. The successful launch of the Safir rocket, which put a small satellite into orbit earlier this year, is testament to the growing Iranian mastery of rocket and missile technologies.

As we have seen recently, North Korea continues to develop and test its missile capabilities, and shows gradual improvement in its understanding of missile and rocket systems. It continues to develop the Taepodong-2 missile, and earlier this year attempted to use Taepodong-type technology to place a satellite into Earth's orbit. That vehicle failed to reach orbit, but the North Koreans' intention to develop long-range rocket technology cannot be ignored. Both Iran and North Korea claim that their developments are designed for civilian applications and are meant to allow them to join the ranks of peaceful space-faring nations. However, the technologies could equally be used to develop missile systems capable of delivering military payloads over intercontinental distances. Those payloads could include chemical, biological or nuclear weapons that are capable of killing many people and inflicting massive damage with a single missile.

We assess—this is the nub of the challenge—that within the next 10 years, both North Korea and Iran could have the capability to target the UK with ballistic missiles if they so wished. Of course, the development of technological and technical capability is only one facet of the threat; the other is the intent to use missiles. We can monitor the development and proliferation of ballistic missiles and the associated technology, and we can prepare to defeat them, but it is more difficult to know with any certainty when, or even if, intent changes. At the moment, the Government assess that there is no ballistic missile threat to the UK homeland, but if we look to future trends, that could change.

Let me address some of the questions that my hon. Friend has asked. First, I shall respond to his underlying challenge about what we as a country, and particularly as a Government, want to do about the threat of nuclear proliferation and the challenge of nuclear weapons. We are very clear that we want to work towards a world free of nuclear weapons—that is our absolute intent. Of the existing nuclear weapon states, under the auspices of the non-proliferation treaty, we have the best and most forward-leaning record on disarmament. That has been attested by independent observers and is borne out by the fact that in the past decade we have reduced the explosive capability of our nuclear arsenal by 75 per cent. We want to go through further multilateral negotiations, and that is why we are emphatically committed to, and have signed up to, a comprehensive test ban treaty. That is also why we want a fissile material cut-off treaty.

My hon. Friend referred to the START 2 process, involving the United States and Russia. One of the most encouraging aspects of the current debate about nuclear weapons is the impetus and vigour that President Obama has brought to discussions. He is considering taking a comprehensive test ban treaty to Congress, which would be a very positive step forward, and he is committed to bringing about further multilateral nuclear weapons reductions through the START 2 process. I think we should support that approach.

My hon. Friend asked about the cost of ballistic missile defence. Let me be clear that the cost to the United Kingdom—that is what we are principally concerned about—is limited to the cost of running Fylingdales at the moment, which we would be paying for anyway. He also asked an important question about whether BMD systems actually worked. I do not resile from the fact that the technological challenges involved in constructing an effective missile defence system are considerable. The US is deploying an initial operational system that has undergone a great deal of testing. There have been many successful test intercepts to date—38 out of 48 tests—so a rudimentary capability exists, but we recognise that there is scope for further development and improvement as the technologies mature.

My hon. Friend discussed the situation in Iran. To paraphrase him, he said that there was a concern about Iran because its face did not fit, but I disagree wholly with that view. There is concern about Iran because it has concealed its nuclear programme for decades in contravention of its international commitments. There has been a wholesale failure by Iran to engage with the International Atomic Energy Agency, and it has failed to enable the IAEA to obtain reassurance about its studies that have a military dimension. That is why there is such significant concern about Iran.

Mr. Kilfoyle: Let me put the record straight. The issue of whether a country's face fits, diplomatically or internationally, is important. Everything that the Minister has just said may be the case, but there is a different attitude to the hidden weapons in Israel, for example. I am not arguing the rights and wrongs of one against the other, but there are two separate approaches to two, admittedly different, problems, even though there is the same objective difficulty about nuclear weapons.

Bill Rammell: Let me deal with that point directly. We have always been clear that we want Israel to sign up to the NPT as a non-nuclear weapons state, and we are committed to having a middle east that is free from nuclear weapons. It is right that we should make that position as clear as we make our concerns about Iran. Nevertheless, our concerns about Iran are real. I welcome President Obama's commitment to engage with the Iranian regime, but that regime must understand that it has a choice to make about engaging with the international community and reassuring us about its nuclear weapons intentions. The alternative is a much tougher regime of sanctions and pressure.

My hon. Friend talked about the former Prime Minister's statement. It is important to state for the record what Tony Blair said in February 2007. He said that if the Government needed to re-examine their position on missile defence and to take further steps on participation, we would present those propositions to the House and have the necessary discussions, but that we would seek to do that only when there were proposals or propositions to be made. That statement was made in the context of a response to specific media allegations that there were plans to base missile interceptors in the UK. At present, there are no proposals or propositions to make, and we have stated that there are no plans to base additional missile defence assets in the UK. The key point is that we face an uncertain international environment. There is clear evidence of a determination to develop ballistic

[Bill Rammell]

missile capability by a number of states, and in those circumstances we are right, with our international partners, to explore the potential for developing BMD systems. We need to be clear that such systems are defensive.

My hon. Friend also discussed the situation in Russia. One thing that is certain is that any future plans will include greater engagement with Russia, which the Government strongly welcome and will support. As we all know, Russia has consistently and incorrectly claimed that US proposals to place 10 ballistic missile interceptors in Poland and a radar in the Czech Republic is aimed at reducing the effectiveness of Russia's strategic missile forces. Emphatically, that is not the case. The proposals are designed to defend against a limited threat from states of concern, rather than from countries with large arsenals of sophisticated weapons. None of us should forget that Russia understands missile defence. It has had a BMD system protecting Moscow since the cold war, and—this is the key point—it knows that 10 US interceptors would have little impact on the many long and medium-range missiles that it possesses. The Russians are fully aware of the capabilities and limitations of the proposed US system, and are aware that Russia's security should not, and could not, be threatened by that system. Indeed, they have acknowledged that privately. Given the dialogue that has taken place with Russia, and the fact that the United States is reviewing these issues, I think that there is a way forward that addresses the concerns that my hon. Friend has raised, working with Russia to establish a collective BMD system so that it is clear that that is a defensive, rather than aggressive, posture. In those circumstances, we should support that process.

I genuinely want to get to a situation in which we live in a world that is free of nuclear weapons. The Government are leading the process multilaterally to try to achieve that state of affairs, and we should all strongly support that approach. I do not believe that a defensive BMD capability system is in contravention of that. If we get things right and work with our partners, that could give us greater security.

Question put and agreed to.

1.59 pm

Sitting adjourned.

Westminster Hall

Wednesday 8 July 2009

[MR. CHRISTOPHER CHOPE *in the Chair*]

Human Rights (Iran)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Kerry McCarthy.)*

9.30 am

Lembit Öpik (Montgomeryshire) (LD): I thank right hon. and hon. Members for attending this debate. I am particularly grateful to Mr. Speaker for granting my request for this debate on human rights in Iran. That we should be holding it now will come as no surprise. Regrettably, the authorities in Iran have not chosen to build bridges, despite the olive branches that have been offered by me and so many others. In the past few weeks, we have clearly seen demonstrated both the internal tensions within Iran and the readiness of elements in the Iranian state to use violence and oppression.

I come from the perspective of the problems faced by Iran's Baha'i community, but I note also the plight of many other Iranian minority communities and the treatment of Iranian women. And who can ignore the Iranian state's use of capital punishment? Few nations on earth execute people as often or for as many different reasons.

Nevertheless, I want to make it clear to this House and to the Iranian authorities that my objective is not to pillory that great nation. I do not conduct politics through confrontation or simplistic condemnation of individuals or Governments. Rather, my two goals are to resolve the pressing human rights issues facing the Baha'is in Iran and to prevent a dreadful miscarriage of justice in the days ahead.

The Baha'i faith has 5 million adherents worldwide, and there are 6,000 in Britain. However, the historical roots of the community lie in Iran. Despite persecution since the inception of the religion in the 19th century, the Baha'is remain the largest single religious minority community in that country, numbering around 300,000 members.

Baha'is have historically been treated as scapegoats during times of social tension, but conditions sharply deteriorated after the Iranian revolution of 1979. Sadly, that situation continues to this day. Since 1979, more than 200 Baha'is have been killed and 15 others have disappeared—we must presume that they are dead. Repression of their community has included executions and imprisonment, as well as denial of the right to educate their youth. There have been regular and persistent attacks on their social, economic and cultural rights.

The Baha'is seek no special privileges. All they seek are conditions that accord with the International Bill of Human Rights, of which Iran is a signatory. The right to life, the right to profess and practise their religion, the right to liberty and security of person, and the right to education and work: those are not heady demands.

The Baha'i faith requires Baha'is to be obedient to their Government and to avoid partisan political involvement. Indeed, I am the chairman of the all-party Friends of the Baha'is group only because I am not a Baha'i myself. Were I to sign up to the faith, technically, I would have to leave party politics—something which I am glad to say I have not yet been persuaded to do. [HON. MEMBERS: "Go on."] Until this moment.

It is important to note that subversive activity and all forms of violence are not permitted by the Baha'i faith. It follows that the Baha'i community in Iran, and, in fact, in the United Kingdom, is not aligned with any Government, ideology or opposition movement. Furthermore, showing good will to the followers of all religions is a basic, fundamental tenet of the Baha'i faith. The Baha'is are not enemies of Islam nor, indeed, of Iran. One could not find a more benign and humanistic religion anywhere on earth. The faith is of a pure, gentle and spiritual giving nature. It threatens no one but holds out a hand of friendship to one and all.

Given the character of the Baha'i faith, it is all the more tragic that, in the past few years, there has been a resurgence of extreme forms of persecution directed at the Baha'i community of Iran. The upsurge has alarmed human rights monitors who fear not only for those Baha'is affected by the Government's renewed campaign but also that such attacks portend something far worse.

International experts on ethnic, racial and religious cleansing have identified a number of warning signs that often foreshadow widespread purges. Several recent developments add to those concerns, and I shall cite them now. First, seven members of the Baha'i leadership group have been arbitrarily detained for more than eight months and still have no access to legal counsel. They form the core concern that has led to this debate. There are worrying precedents to the situation. After the revolution in Iran, the nine members of the National Assembly were abducted and disappeared. Nothing has been heard of them since then, and they are presumed dead. A new National Assembly was elected, and in 1981 eight of the nine members of that body were executed.

Secondly, arbitrary arrests and detentions are being made, chiefly by the Intelligence Ministry. Currently, 31 Baha'is are in prison, and, as of June 2009, 78 Baha'is who had been detained and then released on bail are awaiting trial. Thirdly, there has been a general upsurge in vigilante attacks against Baha'is and their properties, such as the bulldozing of Baha'i cemeteries and the torching of Baha'i homes. Fourthly, there appears to be an increase in incitement and propaganda in state-run news media to vilify and defame Baha'is as individuals and the faith as a whole. The fifth example is the deliberate policy of denying Baha'is their right to a livelihood by banning them from employment options, confiscating their means of business, and blocking their access to higher education.

Much of that is part of the Iranian Government's strategy to suppress the Baha'i community without attracting undue international attention, as outlined in a secret memorandum from 1991 that aimed at establishing a policy regarding "the Baha'i question". So we know that there has been a strategy behind all this in the past, and it is reasonable to assume that there is a similar strategy at present.

Little wonder, then, that the Baha'is of Iran are denied the right to practise their faith freely, which is a right guaranteed under international human rights instruments such as the International Bill of Human Rights, to which, I stress again, Iran is a state party.

[Lembit Öpik]

Baha'is recognise that there are many other oppressed groups in Iran, including academics, women's rights activists, students and journalists. The situation of Iranian Baha'is, however, offers a special case, inasmuch as they are persecuted solely because of their religious belief, despite remaining committed to non-violence and non-partisanship and seeking only to contribute to the development of their homeland.

Our experience indicates that bilateral and multilateral scrutiny of Iran's human rights record is the best method of engaging the Iranian authorities and preventing further deterioration of human rights for the many citizens of that country who face repression. The seven members of the Yaran—the Friends—constitute an ad hoc leadership body that co-ordinates the activities of the 300,000 strong Baha'i community in Iran. The elected administrative bodies of the Baha'i faith are banned, so these people, detained and on trial as they are, represent the focus of the matter in hand. This, despite the fact that the Iranian authorities have had regular, if informal, contact with the Yaran for many years.

The secretary of the Yaran, Mrs. Mahvash Sabet, was arrested on 5 March 2008 while attending a Baha'i funeral. The remaining six members, Mrs. Fariba Kamalabadi, Mr. Jamaloddin Khanjani, Mr. Afif Naeimi, Mr. Saeid Rezaie, Mr. Behrouz Tavakkoli, and Mr. Vahid Tizfahm, were arrested on 14 May 2008. I expect the Minister to read out all those names as well when he responds. All seven have been detained for more than a year in Evin prison, Tehran. They have been held in section 209, which is under the direct control of the Revolutionary Guard Corps. The five male members have been incarcerated in a cell with no bedding.

In June, the Centre for Human Rights Defenders in Iran learned that the seven will face revolutionary trial, and our best guess is that that will happen on 11 July—this Saturday. The lawyers have indicated that they have had the opportunity to review the related case files but have not been able to complete the process as the files are unusually extensive.

Further to the decision of Ms Shirin Ebadi of the Centre for Human Rights Defenders in Iran to serve as legal counsel for the seven Baha'is, fraudulent claims have appeared in the Iranian media that aim to malign or intimidate her and thereby prevent the Baha'is from having legal representation. Untrue and erroneous stories have also asserted that Ms Ebadi's daughter has apostasised from Islam and converted to the Baha'i faith. Ms Ebadi has also had death threats pinned to the door of her office, one of which was signed "The Association of Anti-Baha'is".

It is understood that the trial will be carried out under the jurisdiction of branch 28 of the revolutionary court. That is significant because the recent case of American-Iranian journalist Roxana Saberi was also tried in branch 28, in camera, in proceedings that lasted a single day, at the end of which she was sentenced to eight years for espionage.

Under Iranian law, the lawyers for the Baha'is are not allowed to reveal information they are privy to from the case file. Amazingly, it remains unclear whether the seven Baha'is have been formally charged with any offence to date—just days before the trial. However, reports in February 2009 indicated that they will be charged with

"espionage for the state of Israel"

and

"spreading propaganda against the Islamic Republic"

and

"insulting religious sanctities".

In May of 2009 it was even reported that they will also face accusations of

"spreading corruption on earth"—

a pretty gigantic charge.

The Baha'i international community categorically denies the accusations against these individuals, but fears that they may none the less face execution. So-called spying has long been used as a pretext to persecute Baha'is and as an attempt to impede the progress of the Baha'i community. Since the 1930s, Baha'is have successively been cast as tools of Russian imperialism, of British colonialism, of American expansionism and, most recently, of Zionism. The Baha'i faith has never been a part of any of these movements. There is no truth in this allegation and no evidence to support it.

That the international headquarters of the Baha'i faith is located within the borders of modern-day Israel is purely the result of Baha'u'llah, the founder of the faith, being banished from his native Tehran and sent by Persian and Ottoman authorities in the 19th century to perpetual exile in the city of Acre, near Haifa. Baha'u'llah arrived in Acre in 1868, 80 years before the establishment of the state of Israel. The Iranian Government know this but wilfully choose to misrepresent the facts.

What would we like to see? Initially, we ask our British Government to apply whatever pressure they can to encourage the Iranian authorities to release the seven members of the Yaran. They have done nothing wrong and do not deserve the treatment that they have received; they deserve justice and release from their unjustified incarceration. If a trial goes ahead—as I say, it is scheduled for 11 July, which is this Saturday—we ask Ministers to impress upon the Iranian authorities before then that it must be carried out in an open, transparent manner, according to international standards, with proper access to legal representation and with no effort to fix the outcome.

In terms of wider action by the Government, we ask for collective action by British Ministers and our European and international partners for a longer-term easing of the persecution that is being endured by the Baha'is and others, including Christians, in Iran. In this context, I cite the plight of Maryam Rostampour and Marzieh Amirizadeh, both held in Evin prison since March 2009, apparently for being Christians. We understand the considerable difficulties in dealing with the Iranian authorities and the limitations of international pressure.

Mr. David Drew (Stroud) (Lab/Co-op): I apologise for missing the first few minutes of the hon. Gentleman's excellent speech. Does he accept that although Christians are less subjugated in Iran they are often the butt of other forms of criticism? Christian Solidarity Worldwide did a great deal of advocacy, as it does in many parts of the world, to get those two ladies out. I hope that my

hon. Friend the Minister will take that matter up. The Baha'is are special people, but the Christians also face difficulties.

Lembit Öpik: I welcome the hon. Gentleman's intervention. I underline the points that he has made to the Minister and to hon. Members. The church that I attend, the Hope community church in Newtown, does a great deal of international work. Alan Hewitt, the chief pastor there, shares the concerns raised by the hon. Gentleman. I hope that the Minister will comment on the plight of Christians and other oppressed minorities, not all of them religious minorities, in Iran. There are considerable difficulties for Christians, as the hon. Gentleman has underlined, but especially for Baha'is.

Scrutiny from national and international bodies has in the past helped to discourage a ratcheting-up of abuses and, hopefully, we can do so again now and in future. Our experience indicates that bilateral and multilateral scrutiny of Iran's human rights record is the best method of engaging the Iranian authorities and preventing a further deterioration of human rights for the many citizens of that country facing repression. A number of Governments, international organisations, and prominent individuals have reacted to the announcement of the trial of the seven members of the Baha'i leadership, including the European Parliament, the United Kingdom Foreign and Commonwealth Office, the United States State Department, the European Union, the Government of Australia, a Canadian parliamentary committee and Amnesty International, which has done tireless work in this regard.

Naturally, the Baha'i international community is calling on the international community at large to request that the Iranian authorities ensure that the seven are either released or receive a fair and open public trial that will be held according to international standards.

I have no visceral dislike of Iran, its people or its Government; it has a great and noble history that exceeds that of many other countries. I have even requested permission to visit Tehran to discuss these matters directly with Iranian officials and politicians to see how we can best resolve these matters to the mutual benefit of all concerned. So far, I have not been able to secure permission to go, but I will keep on trying, despite the fact that the Iranian embassy informed me that I was not able to go due to technical difficulties and the technical impossibility of going there. I hope to overcome those technical difficulties and have a meaningful dialogue in Tehran.

Jeremy Corbyn (Islington, North) (Lab): Fly yourself!

Lembit Öpik: If push comes to shove, I have a small aircraft of my own and I can see if I can make it in eight short hops. However, it would be safer for me, and easier for the country, if the Minister used his considerable weight and the considerable stature of the British Government to seek once again to extend an olive branch to Iran and make it clear that we do not seek to attack it, but merely want to encourage it to take a more benign, positive view towards the Baha'is and other oppressed minorities, and towards these seven Baha'i leaders in particular.

My requests are simple. I ask that the British Government do all they can to prevent a miscarriage of justice in regard to the seven Baha'i leaders facing trial. I ask the Iranian Government for engagement. Ultimately, this is the best pathway to justice. Iran can have many friends in Britain and worldwide, and I would like to be one of them. By lightening the load of oppression on the Baha'is and others, Iran will find for itself the best avenue to lead itself and its citizens into full partnership in the international community. I am sure, with all my heart, that that is something we would all like to see.

9.49 am

Jeremy Corbyn (Islington, North) (Lab): I congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on securing this timely and welcome debate. I endorse all the points that he made about religious freedoms and tolerance, which are necessary in any modern society. In Iran, which has a plethora of ethnic communities and religious groups, that sort of tolerance is more important than in many other countries. I therefore support what the hon. Gentleman said about the rights of Baha'is, Jews, Zoroastrians, Christians, non-Shi'a Muslims, and people of other religious faiths to be able to practise their religion and to operate in freedom. What he said this morning is extremely important and it is important to have that on the record. Iran is a signatory to the United Nations charter—obviously, because it is a member of the UN—and the universal declaration of human rights. All those rights are protected in international law, so it is perfectly right and proper to exert that pressure.

These are stirring and important times in Iran. The demonstrations of the past few weeks following the election have been unprecedented since 1979—phenomenal numbers of people have appeared on the streets. I deplore the way in which many of the demonstrators have been treated—the beatings and killings. That is not acceptable in any society, be it in Iran, China or anywhere else in the world. People have an absolute right to express their views peaceably on the streets.

Coverage of the demonstrations that was received around the world was interesting. Initially, various Iranian channels reported the demonstrations, as did the BBC, CNN and others, and there was an interesting degree of opening in political debate, both inside and outside Iran, immediately after the elections. One should be pleased about that.

I was pleased to sign and support early-day motion 1755, tabled by my hon. Friend the Member for Stroud (Mr. Drew), which condemns

"the arrest, torture and murder of protesters...and urges the Iranian Government to accept free and fair UN-supervised elections."

I do not believe for one moment that Iran will accept outside supervision of elections, but every country in the world, including the UK, should be more than happy to accept international observers and reporting of elections. We should not be so precious about that. We send observers to other countries and we should welcome observers here. Every country's electoral process should be open to observation, which would create a degree of equality.

These are interesting times, but it seems that after the protests about the election and the demands by Mousavi's supporters for a recount following the declared very large majority for Ahmadinejad, the Guardian Council approved a limited and partial recount, but the Supreme Leader declared that the election result must stand and

[Jeremy Corbyn]

that was the end of the matter. At that point, public debate was effectively closed down, as was any attempt at serious discussion. We must express serious concern about that, not in a spirit of hostility to Iran or its history and culture, but in a spirit of co-operation and support for civil society in Iran. There is an important distinction to be drawn, which I shall discuss.

The excessive rhetoric, particularly from the Bush Administration and at various times from our Governments, has not helped the situation—in fact, it has made it worse. There must be a process of dialogue and respect. Far too little is understood of Iranian history—Iran is the inheritor of the great civilisation of Persia—and the persistent British and American meddling in Iranian affairs. During the first world war, Britain occupied parts of what is now Iran; we installed and removed various Governments of Iran; and British and Soviet Union forces occupied Iran again during the second world war, eventually withdrawing.

In 1952, the nationalist Mosaddeq Government were elected on a manifesto of obtaining equality of oil revenues from the Anglo-Persian Oil Company, later the Anglo-Iranian Oil Company, which later became BP. The British refused, there was a dispute, and a coup was engineered by the CIA and the British. The Mosaddeq Government were removed, the Shah came to office, compensation was paid to BP, and we were back to square one with a repressive regime under the Shah. Those events are remembered in Iran. Iranians do not forget British involvement and our obsession with their oil reserves. When dealing with Iran, we must remember that we do not have clean hands, and we should be prepared to admit that.

The Shah's oppressive regime, with its appalling human rights record, used outside SAVAK forces to attack Iranian students. I remember that during the 1970s, when the Shah's secret agents operated in British universities and tried to criticise Iranian students who were active. The Shah's human rights record led to huge protests and demonstrations and he was eventually removed in 1979, apparently only a few weeks after the British security services and the CIA had said that it was perfectly safe for him to stay there for many decades. They misunderstood the situation somewhat, and not for the first time.

In the turmoil of the 1979 revolution, Iran did not turn into a secular democracy. It became a Muslim state under Ayatollah Khomeini and the present constitution was invoked. It is an interesting document, but the western press simply fails to understand Iran's power structures. It assumes that President Ahmadinejad, because he is President, is equivalent to President Bush or an executive Prime Minister in the west, but he is not. He is head of the civil Government, obviously, but he and anyone else are allowed to be a candidate in the election only if they are approved by the Council of Guardians, which is responsible to the Supreme Leader. The Assembly of Experts also has a role in appointing the Supreme Leader.

There is a tripartite/quadripartite sharing of power in Iran, and we should remember that whatever the President or anyone else says, that is not the whole story; it is only part of it. One should try to understand that, and the fact that within all the complications of Iranian society and its structures, there are people who manage to speak up for civil rights and women's rights, to organise trade unions, to pursue intellectual work, and to operate in independent universities. Like any other society, Iran's is not a seamless whole, and we should also be aware of that, too. Western strategy on Iran is part of the problem, and I shall be grateful if the Minister says a little more about that.

After Khomeini became the Supreme Leader, Iran entered a period of isolation and US sanctions. Because of the relationship between the US and Iran following the taking of US hostages and the resulting difficulties, the Iran-Iraq war occurred. Although that dreadful war probably suited Saddam Hussein and Ayatollah Khomeini in equal measure, it cost the lives of at least 500,000 people. It also made a great deal of money for the arms industry around the world. We should remember that, again, Britain and the United States do not have clean hands, because at the same time as we were trying to buy oil from Iran, we were supplying arms to Iraq to provoke that war. Our role in recent history is not clear and not clean. Whatever we say about Iran, we should have some respect for our own role.

Israel's threats to Iran are obviously serious and Israel's ability to bomb Iran is very strong. Iran is a signatory to the nuclear non-proliferation treaty, but not the supplementary protocol allowing unannounced inspections. It is developing a nuclear reactor and processor, but that is not the same as developing nuclear weapons. Although I do not want Iran or any other country in the world to develop nuclear weapons, any more than I want this country to continue to hold nuclear weapons, it is impossible to argue credibly for nuclear disarmament and a nuclear-free middle east while we remain silent about Israel's development of nuclear weapons and its obvious ability to use them at some point. If we are serious about bringing about peace in the region, that also requires promotion of a nuclear-free middle east, which requires Israel to be brought to the table through a nuclear weapons convention.

It is important to get those general points on the record. In supporting human rights in Iran, we must build up the best possible contacts and relationships. Parliament to Parliament, there have been Inter-Parliamentary Union delegations, which have enabled some contact and the development of a relationship in that way. Much better relations must also be developed between universities, trade unions and civil society groups, and there must be support for individual cases such as those to which the hon. Member for Montgomeryshire referred.

I chair an organisation called Liberation, which was involved originally as the Movement for Colonial Freedom and is now more of an international solidarity organisation. We had our annual meeting last Saturday and we passed an extensive resolution on Iran. I shall quote some of that very long resolution. We said:

> "The high rate of people's participation in the election alerted the international community to the fact that the Iranian people wish to have and take an active role in their own destiny."

It is important to say that. We went on to make specific requests, stating:

> "The international community therefore should support the Iranian people's struggle for peace, democracy and social justice in their country."

We pointed out the "continued deterioration" of human rights in recent years in Iran and the "flagrant disregard" for internationally accepted conventions. We were referring to the most extreme forms of sharia law that are used, involving the stoning of individuals, amputations and public executions. Obviously, that is totally wrong and must be condemned, as I would condemn the death penalty in any circumstances anywhere in the world.

We also raised the violations of the rights to free speech, freedom of association and peaceful protest, which are important, and the continued detention of trade unionists and workers' activists, including the leader of the Tehran Public Bus Company workers syndicate, Mansour Osanloo. I hope that a message goes out that we support his release just as much as we would support the release of any other person held on grounds of conscience or activity. We pointed out that the International Labour Organisation conventions 87 and 98 require all signatory states to allow the organisation of independent trade unions. That applies just as much to Iran as to any other country. In raising all those issues, and in supporting women's rights and women's activists in Iran, we have to send a message that we are serious about supporting human rights and civil society in Iran.

Our history is not clean by any means. The rhetoric used against Iran, the sanctions policy being used against Iran and the implicit military threats that have been made against Iran at various times do not force Iran to back down and operate differently. Instead, they unite Iranian people against the west, build the feeling of isolation and build the power of those who wish to pursue military options in Iran rather than peaceful options.

There must be a way for us to open a dialogue. A previous Foreign Secretary—the current Secretary of State for Justice—went to Iran and tried to open that dialogue and I commend him for doing that. I did not agree with what he did over the Iraq war, but I did agree with the fact that he was prepared to go to Iran and participate in that dialogue.

I hope that when the Minister replies, he will say that we are prepared to maintain dialogue with the Government of Iran; to co-operate in sending observers to future elections, if the Iranians are prepared to allow that, because it would be a helpful way forward; and to do what we can to take up individual cases of human rights abuse and individual cases in which people are wrongfully detained. Doing that will promote the development of the very strong civil society that has demonstrated itself on the streets of Tehran and the other cities in the past two weeks, and will help to develop the tolerant civil society that traditional Muslim countries have and the toleration that traditional Islam is all about. The Jewish community has always been present in Tehran; the Zoroastrians have always been there, as have people of many other faiths. There is much to be very proud of in the history of Iran and in the tolerance of ordinary people in Iran towards those of different faiths.

That is the message that we must send: one of sympathy, support and understanding, but above all condemnation of the abuses of human rights and the illegal and irrational imprisonment of people who are merely standing up for their cultural identity, their trade union rights or their right to demonstrate and express their political views.

10.4 am

Mr. David Amess (Southend, West) (Con): I congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on his speech. I agree entirely with its content and I congratulate him on his pronunciation of the Iranian names, which was far better than mine would be.

The subject of the debate is human rights in Iran. Let us be frank: there are no human rights in Iran unless people support the totally discredited President. That is the reality. This is not the first time that we have had such a debate. We have had many debates on this issue, because there is a band of Members of Parliament and Members of the House of Lords who have long been critics of the Iranian regime. The hon. Member for Islington, North (Jeremy Corbyn) made excellent points. He was right to remind hon. Members of a number of issues. I am not sure that I entirely agreed with every point that he made, but I agreed with the overall thrust of his argument.

I say to the Minister that the British Government's policy of appeasement—oh, the Minister frowns at that, so I shall tell him precisely what I mean. The British Government's policy of appeasement has had disastrous results. When the present Secretary of State for Justice was Foreign Secretary, whether he was guided by the retired former Prime Minister, I know not, but there certainly was a policy of appeasement, and it has had disastrous effects. Let the House be in no doubt at all about the election in Iran: it was a sham election. I assume that it was overseen by Mr. Mugabe—presumably he flew over personally to count the votes. It was an absolute sham. As a result of the British Government's policy of appeasement, who did the Iranian religious leader immediately attack? The United Kingdom.

I agree with the hon. Member for Islington, North that jaw-jaw is better than war-war. I agree with part of his remarks about the retired President George W. Bush, but I also think that the British policy of appeasement has had disastrous results, and I stand here today as one of the people who listened to the former Prime Minister tell the House of Commons that weapons of mass destruction were aimed at us and other parts of the world. I believed everything that he said, and was misguided enough not to join the 18 of my colleagues who voted against that war, which has had disastrous consequences. In hindsight, it was Iran rather than Iraq that, with regard to nuclear weapons, was the real threat.

Let me return to the issue of human rights in Iran. There is no point in having debates in Westminster Hall unless the British Government listen to what we say and something happens; they must not only go through the motions. This issue has been raised countless times. My hon. Friend the Member for Northampton, South (Mr. Binley) and I turned up at a rally outside the United Nations. I think that we addressed a crowd of 4,000 people. We were demonstrating against the arrival of Mr. Ahmadinejad. The leaders in the west applauded his arrival; they now seem to have changed their view on that.

We are talking about a country in which more than 200 people have been killed by the Revolutionary Guard since 12 June. Several thousand people have been arrested following the nationwide uprising in mid-June. Since June, security forces have randomly attacked people in

[Mr. David Amess]

their homes. More than 1,000 hangings have taken place—34 people were hanged in the first four days of July 2009—and more than 1,700 death sentences have been issued since August 2005. Since the 1979 Islamic revolution, more than 120,000 political prisoners have been executed—I repeat, 120,000. A further 500,000 Iranians have suffered torture in the regime's notorious prisons. I could go on and on about those issues.

Mr. Drew: Like the hon. Gentleman, I support the Iranian opposition. One of the worst features of Iran is its attitude to capital punishment. It hangs juniors and it does so in public. It has the second-worst record after the Chinese. Does the hon. Gentleman agree that one way in which Iran could begin to prove that it is willing to engage is by doing something about its dreadful record?

Mr. Amess: I absolutely agree. Eighteen months ago we debated that very point in this Chamber, although another Minister responded—but there we are, that is the merry-go-round that we experience in Westminster.

I conclude with a plea to the Minister and his boss, the Foreign Secretary, as I am a born optimist. Mrs. Maryam Rajavi, the president-elect of the Iranian resistance, has urged the west to reject the regime's sham elections and the appointment of Mr. Ahmadinejad. She has also urged it to force the regime to accept a free UN-supervised election based on the people's sovereignty, not the rule of the Supreme Leader. She has also suggested that we suspend all political and diplomatic ties with the mullahs' regime until the suppression is completely stopped. She suggests that we impose a trade, diplomatic, arms and technology embargo on the regime and a foreign travel ban on its senior officials. Finally, she urges the UN Security Council to refer the crimes committed by the regime's leaders—particularly Khamenei and Ahmadinejad—to an international tribunal.

The Minister frowns, and I accept that that is an extremely ambitious list—if he mentions it in his winding-up speech, he will probably say that it is not achievable. We will, however, have a general election before May or June next year, and the Government, who have made some terrible mistakes on all sorts of issues, now have an opportunity to do the right thing on human rights in Iran. As the hon. Members for Islington, North and for Montgomeryshire said, we are asking not for blind rhetoric—the time for that has passed—but for engagement. All that I am asking is that the Government speak up clearly to try to improve the human rights situation in Iran.

10.12 am

Mark Williams (Ceredigion) (LD): It is a pleasure to serve under your chairmanship this morning, Mr. Chope. I congratulate my hon. Friend the Member for Montgomeryshire (Lembit Öpik) on introducing the debate. I pay tribute to him for his work on the Baha'i community as chairman of the all-party group, and particularly for highlighting the case of the seven leaders of that faith who are languishing in prison awaiting news of their fate.

The debate is of course timely, as we reflect on the demonstrations that we have seen on our TV screens over the past few weeks since the presidential elections. However, it could have been held at any time in the past 30 years, and we have had many such debates in that time. Indeed, as the hon. Member for Islington, North (Jeremy Corbyn) reminded us, we could have debated these issues in the years before that time, when Iran was under control of the discredited Pahlavi regime, which had form on its human rights policy, given the role of SAVAK and other bodies.

The well-documented catalogue of abuses at the heart of the Iranian regime has been added to in the past few weeks. I have reflected on the need for dialogue and the case for it remains—jaw-jaw is better than war-war—but, to date at least, unless the Minister can suggest otherwise, our words have fallen on deaf ears. The Iranian regime had two strategies after the presidential elections, and the analogy that comes to mind is that of the stunned rabbit in the car's headlights. The first strategy was to attribute democratic protests on the streets of Tehran to the British Government and western influences. That is an old tactic, which is not without foundation, given our history in Persia and Iran. In that respect, I would be interested to hear from the Minister about the state of the remaining local staff in our Tehran embassy. The treatment of our staff there is obviously part of a deliberate tactic to pass blame elsewhere.

The second strategy was to launch what can only be described as a savage attack on demonstrators and agents of free speech, and that has been the story of the past few weeks. We have heard of the alleged killings of 200 protesters. We have also heard about the historical context and the 120,000 members of the opposition who have lost their lives over the past 30 years. We are grateful to Human Rights Watch, Amnesty and the US State Department, as well as to the Foreign Office for the evidence that it collected in its 2007 report, which has been disseminated around the world. We are also grateful to the human rights monitoring lobby in Iran—or rather what is left of it, given that prominent members have been subjected to harassment and worse in recent weeks.

Last November, the UN General Assembly called for harassment, intimidation and the persecution of political opponents and human rights defenders to cease, and that is certainly necessary now. It also called on the Iranian Government to facilitate visits by human rights bodies, although I must say that I repeat that call with unwarranted optimism. I agree with what was said earlier about the need to have UN election supervisors in all countries, and that was certainly necessary in Iran's elections. However, such calls will fall on deaf ears. So too, presumably, has the statement from the G8 Foreign Ministers meeting in Italy, which reaffirmed their belief in Iranian sovereignty, but made the case for human rights. I would be interested to hear what the Iranian Government's response was, if there was one. Our Government have made 40 representations bilaterally and through the EU about specific human rights abuses in 2008.

I agree that we should not launch an attempt at poetic rhetoric, but we face a regime that is desperate to survive, and that need to survive has necessitated desperate measures. We have seen the forces of reform brutally repressed. There have been mass detentions; raids by the Revolutionary Guard and militia on university campuses; the closure of opposition newspapers; media restrictions that have made it difficult for journalists to

report the protests first-hand; and attempts to close digital media. My goodness, if anything should make us grateful for digital technology, it is the hazy, fuzzy pictures that have come out of Tehran in recent weeks.

We have also seen the threats from the Iranian regime. There was the chilling warning from prosecutor Mr. Habibi, from Isfahan, who had no difficulty expounding his views in the Iranian media:

"We warn the few elements controlled by foreigners who try to disrupt domestic security by inciting individuals to destroy and to commit arson that the Islamic penal code for such individuals waging war against God is execution".

The unfortunate Miss Neda Agha-Soltan, a 26-year-old bystander in the protests, was shot dead on the streets of Tehran on 20 June, and another 200 people have met a similar fate. That is not to mention the countless arrests of major reformist politicians, clerics, student leaders, bloggers, journalists and human rights lawyers.

Like the hon. Member for Islington, North, I watched the coverage of the election campaign in the days before the vote and I had some optimism, despite being cynical about the Iranian regime by and large. It was good to see people on the streets talking and arguing. Mr. Mousavi's credentials as a reformist are not particularly clear, but it was none the less good to see people on the streets. It was also good to see the Iranian footballers making their mark. We should remember, however, that Mr. Mousavi was one of four permitted candidates in the election and that the Council of Guardians did not allow the 450 other people who aspired to the job of Iranian President to stand. None the less, Mr. Mousavi did tap a mood for change, and I welcome the meetings and the debate that took place.

Jeremy Corbyn: Does the hon. Gentleman acknowledge that Mousavi's campaign was different, in that the issue of women's rights was raised for the first time in Iranian national politics and women spoke on platforms during his campaign?

Mark Williams: I certainly endorse what the hon. Gentleman says. Mrs. Mousavi, in particular, had a proud record of standing up for Iranian women's rights.

The upshot of recent events, however, is that the Government in Tehran will not go. Despite assertions that the turnout was high—I suspect that it was higher than in the previous election—it was a lot lower than people have suggested, and sufficient evidence is coming out of Iran to assert that there was vote rigging and the like. Those of who have had some interest in such matters in the past few years have battled against the media to bring to people's attention what is going on in Iran and the extent of abuses. The events of the past few weeks have made the case, and there is no doubt about the human rights record. I reaffirm my belief in dialogue, and the Government should continue, through the EU and the UN, to declare the unacceptability of the state of human rights in Iran. However, we must be in no doubt about the regime. Even if there are reformist elements with the will to change things, there has not been an ability in Iran to abide by its own strictures. For example, there was a decree from the judiciary in October 2008 against the execution of juveniles, but there were reports of the execution of minors on 29 October and 30 December. There continue to be stonings, floggings, mutilation and arrest on the basis of political opposition, religious faith, sexuality or any criticism of the leadership.

Human Rights Watch noted:

"Instead of coming clean about what happened on the streets of Tehran on June 20th, Iran is busy covering up the responsibility of its security forces for the killing of demonstrators. It is clear that Iran's supreme leader has sent a strong message to security forces to end the protests regardless of the level of violence involved."

That is the hallmark of the regime, and it is why international pressure and dialogue must continue. I hesitate to go down the line pursued by the hon. Member for Southend, West (Mr. Amess). I agree with much of what he said. We are involved in the same group campaigning for human rights and change in Iran. I would hesitate to go down the route of economic sanctions, for the reasons outlined by the hon. Member for Islington, North. Given the history of the west in Iran we must tread carefully. However, at the very least I should like the United Nations Security Council to commit to an international tribunal the crimes against humanity that are happening in Iran. All of us, whatever our background, observing a country we love, whose sovereignty we respect, should none the less make our voices clear about what is happening in Iran, and its unacceptability.

10.22 am

Mr. Nigel Evans (Ribble Valley) (Con): I am grateful for an opportunity to speak in this important debate, and I congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on obtaining it. It could not be more timely. Frankly, we could have a daily debate on Iran, given the abuses of human rights and the violations that go on there. However, although talking among ourselves is okay up to a point, we want action.

I have been involved in Iranian issues for several years now. A frustrating thing was that although I thought the diaspora had very effective knowledge of the deficiencies in Iran—which was probably a reason for not living there—I wondered why the people who lived there did not do more to help themselves. Then I started to look at the repressive nature of the regime and began to understand why people who lived there were scared, and were afraid to do anything. If people can be detained in prison for something like turning up at an opposition rally, and can then be beaten and raped daily, it takes a brave person to stand up to the regime. That hideous repression is at so many levels in society that I suspect many people do not know who to trust or turn to.

With the enormous reaction to the stolen election in June, I began to feel that there was a spark of hope in Iran, and that we could have real change and perhaps bring down the regime and bring freedom to a people who deserve it. The hon. Gentleman said what a great people the Iranian people are. Yes, they are; it is the regime that is rotten and that needs changing, not the people. That is why I believe we must support the resistance movement that operates outside and within Iran.

On 1 July *The Guardian* gave an example of an 18-year-old, still in school, who turned up at an opposition rally. He was not really interested in politics, and his dad even supported the current President. The evidence was:

" 'I was kept in a van till evening that day and then transferred to a solitary cell where I was kept for two days,' he said. 'Then I

[Mr. Nigel Evans]

was repeatedly interrogated, beaten and hung from a ceiling. They call it chicken kebab. They tie your hands and feet together and hang you from the ceiling, turning you around and beating you with cables.

'They gave us warm water to drink and one meal a day. Repeated smacking was a regular punishment. In interrogations, they kept on asking if I was instructed from abroad. I believed I was going to be sent from the detention centre to prison. But they sent me to where they called Roughnecks' Room…

'I refused to confess during interrogations. They said: "Ask your friends what we'll do to you if you don't co-operate." Others in the room were also arrested on 15 June. I was tempted to confess at this point but I didn't. On the third and fourth day, they beat me up again. They insisted we were instructed from abroad…

'It was on Saturday or Sunday that they raped me for the first time. There were three or four huge guys we had not seen before. They came to me and tore my clothes. I tried to resist but two of them laid me on the floor and the third did it. It was done in front of four other detainees.

'My cell mates, especially the older one, tried to console me. They said nobody loses his dignity through such an act. They did it to two other cell mates in the next days.' "

I find reading that incredibly moving; to think that that is going on in another part of this world is appalling.

Executions have been mentioned. I have voted in favour of the death penalty in the past, but have now said that I would trade that in for the cessation of executions throughout the world, in places such as China and Iran. The hon. Member for Ceredigion (Mark Williams) mentioned sexuality. When I looked at the evidence about two young boys being hanged in public, accused of being gay, I could not get over the depravity that is possible. The authorities wanted that made public as a warning to everyone else. Clearly, the public execution of teenagers has an enormous impact. There is stoning of women, and the treatment of women generally is appalling. When I and other hon. Members met Iranian politicians at an Inter-Parliamentary Union conference, thank goodness the right hon. Member for Cynon Valley (Ann Clwyd) was the leader of our delegation, and she put a forthright case about the maltreatment of women in Iran. Clearly the Iranian politicians did not like that, and they hid behind the mullahs on many an occasion. They have no hiding place, as far as I am concerned. If they are politicians they should stand up for the rights and freedoms of the people they represent.

The repression that has followed the elections has been mentioned in the debate, together with the shooting of Neda Agha-Soltan. That 26-year-old lady is an icon at this moment for all people fighting for freedom, throughout the world where there are repression and hostilities. The latest instance to hit the headlines is in Urumqi in China. The shooting dead in cold blood of a young lady, full of hope, the way her family were told they could not have the funeral in a mosque, and that they should shut up about what had happened and must rip down the black flags indicating bereavement, outside their homes, shows the hideousness and the depths to which the regime will go to try to suppress the spirit within Iran. The spirit that we have seen in the past few weeks in Iran cannot be extinguished. The regime can suppress the people, but only in the short term. Their spirit can never be broken.

I believe that it is the duty of politicians in the free world—we who enjoy freedoms every day, and take them for granted—to stand shoulder to shoulder with the people of Iran in the struggle that they face. We must ensure that our Government and the Governments of all free countries do whatever they can, whether through dialogue or other sorts of action.

Fundamentally, we must see change. We must stand shoulder to shoulder with the people of a country who want the freedoms that we have. That is one reason why we were elected as Members, and I hope that the Government will be able today to give us some hope—hope that I am sure will be passed back to the people of Iran, through the technologies that have been mentioned, so that they can continue their struggle for freedom.

Mr. Christopher Chope (in the Chair): We now come to the wind-ups, for which we have half an hour. May I say to the Opposition Front-Bench spokespeople that it is not necessary for them each to take the full 10 minutes if they do not wish to do so? If they take less than 10 minutes, it will give the Minister more time to respond to this important debate.

10.30 am

Jo Swinson (East Dunbartonshire) (LD): I too congratulate my hon. Friend the Member for Montgomeryshire (Lembit Öpik) on securing this debate. He has a strong record of fighting for justice in Iran, particularly for the Baha'i, which was the focus of much of his remarks. Indeed, he chairs the all-party group Friends of the Baha'i. None the less, the debate was wide-ranging and dealt with various aspects of human rights in Iran.

All too often when discussing Iran, our thoughts turn to the important question of nuclear proliferation; it is particularly helpful that we find time to think also of human rights. I was moved by the contribution of the hon. Member for Ribble Valley (Mr. Evans) because, even in the language of human rights, it is sometimes easy to forget that we are talking about not only philosophical concepts but the horrific and unthinkable experiences of individuals in Iran and other countries, who do not have even the basic rights, which, getting up in the morning and going about our daily business, we too often take for granted. It is important to reflect upon that.

The debate is timely, given the protests over the Iranian election and the harsh repression of those protests. It is difficult to know the exact figures, but reports suggest that dozens of people have been killed and that possibly hundreds of protesters are still in prison, their families not necessarily knowing their fate. Those being held in prison do not even have good access to lawyers. My hon. Friend the Member for Ceredigion (Mark Williams) and the hon. Member for Ribble Valley mentioned the case of Neda Soltan; those who have seen her image will find it for ever seared on their minds and consciousness as a symbol of repression. It is deeply concerning that someone should have suffered that fate.

There is a danger that when we in Parliament discuss human rights in Iran, or in any other country, it could be seen as meddling. However, in this case we are absolutely not meddling in Iran's internal affairs. As my hon. Friend the Member for Montgomeryshire pointed out, Iran has signed the universal declaration of human

rights and the international covenant on civil and political rights. It therefore has an international obligation to uphold those conventions.

I call on our Government to uphold human rights when, in my view, they sometimes fail to do so—for example, their promotion of detention without charge and some of the murkier allegations made recently about torture and possible complicity in torture. We must be as rigorous in calling on our Government to uphold those international standards as we are with other Governments. By taking that equal and fair approach it is possible for us to call on other Governments to uphold their international obligations. That is what we hope to do.

I wholeheartedly endorse what was said by the hon. Member for Islington, North (Jeremy Corbyn). If we are to ask other countries to accept international election observers we should be open enough to accept them here. Indeed, when we had difficulties with ballot papers in the Scottish elections in 2007, it might have helped if they had been here.

Mr. Evans: I know for certain that the Council of Europe would be delighted to receive an invitation from the Government to observe our next general election.

Jo Swinson: We can only hope that that suggestion is greeted positively by the Government.

We should remember that Britain's influence in Iran is limited, especially as relations have deteriorated since the election, the worrying expulsion of British diplomats from Teheran and the arrest of the Iranian British officials. We need a degree of realism about what our Government can achieve. None the less, we still have bilateral relations, and we have relations through the European Union and the United Nations. We should use whatever influence we have to uphold human rights.

I have only a short time left, so I shall touch briefly on a number of matters. The lack of freedom of expression is one of the most concerning aspects of the denial of human rights. As has been pointed out, the lack of freedom of expression gets in the way of the upholding of many other rights, and the democratic system can fall apart.

I have to declare an interest, given that the debate is on human rights. I am a member of Amnesty International, which is fairly damning about Iran's record on freedom of expression. In its 2009 report "State of the World's Human Rights", it says:

> "The authorities maintained tight restrictions on freedom of expression, association and assembly. They cracked down on civil society activists, including women's rights and other human rights defenders and minority rights advocates. Activists were arrested, detained and prosecuted, often in unfair trials, banned from travelling abroad, and had their meetings disrupted."

That has come to fruition, as we saw recently on our television screens.

I hope that the Iranian media will one day be freer to report views and news that are different from those of the state media. Following the election, there has been an interesting development in the use of social media, which have been taken up in huge numbers by Iranians through blogging, Facebook and Twitter. That is handing power to ordinary people, enabling them to report what is happening and effectively giving all citizens the power to act as journalists. Crackdowns on the social media have been reported, so it is still a concern, but it is difficult to crack down on everyone, especially given the internet—as even the Chinese are finding. I believe that the internet will become an increasingly powerful tool for freedom, particularly in countries where there is repression. Those countries may employ thousands and thousands of people to crack down on its use, but ultimately they will be unsuccessful.

Jeremy Corbyn: I agree with the hon. Lady, but would she put strictures on Google and other operators that go along with regime interference and connive at censorship and repression of free speech?

Jo Swinson: The hon. Gentleman makes an excellent point. Google's motto is "Don't be evil", but there are certainly questions over whether collaborating in the repression of peoples' freedom of expression would be living up to that motto.

I shall not rehearse all the arguments on freedom of religion. My hon. Friend the Member for Montgomeryshire expertly described the situation with the Baha'i community, Iran's largest non-Muslim religious group. I have a small Baha'i community in Bearsden in my constituency, and I know that it shares our concerns for their detained leaders, particularly with the timing of the expected trial. I have written to the Foreign Secretary and the Iranian ambassador, asking them to apply pressure to get them a fair trial—and, indeed, their release. I have yet to receive a response, but our thoughts are with them. We must hope that true justice will prevail, but I am not overly optimistic about the outcome.

It is not only the Baha'i community that is discriminated against in Iran. Christians, Jews and Zoroastrians are recognised minorities under Iran's constitution and are apparently protected by law, but they still experience discrimination. The case of the two Christian women being held in prison has been mentioned. Iranian Jews experience official discrimination. President Ahmadinejad is well-known for his anti-Semitic views and for holocaust denial. Religion is another worry.

Iran is one of only seven countries not to have signed up to or ratified the convention on the elimination of all forms of discrimination against women. The others are Sudan, Somalia, Qatar, and the Polynesian islands of Tonga, Palau and Nauru. Family law imposes many restrictions on women; marital rape is not a crime; killings are regular; and the women's rights groups that have tried to fight for equality have experienced a huge cracking down and imprisonment. That is a huge concern. I say that as the only woman speaking in this debate, but I am sure that hon. Gentlemen share my worries about the position of women in Iranian society. Furthermore, homosexuals regularly experience dreadful discrimination, and execution, in Iran, where more than 4,000 people have been executed for homosexuality since 1979. Worryingly, the UK Government still deport gay Iranians, despite the possible risk of imprisonment or execution in their home country. Although I do not have time to go into greater detail, I would welcome the Minister's comments on these matters.

The horrendous execution of minors has already been mentioned. I am against the death penalty in all its forms, but the execution of minors is explicitly against international law. Even the Americans have stopped doing it since 2005. It is clearly unacceptable, and yet

[Jo Swinson]

just this year three minors have been executed in Iran. So there is great concern on a range of human rights issues in Iran. I appreciate that the Government can bring limited influence to bear, but surely, given the importance of these humanitarian issues, we must continue to pursue all possible avenues to improve the human rights situation there.

10.41 am

Mr. Mark Francois (Rayleigh) (Con): It is a pleasure to serve under your chairmanship, Mr. Chope. I congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on securing this important debate. Hon. Members might not know this, but last century, he and I were at Bristol university together: he was the chairman of the student union and I was the chairman of the Conservative association, and we had many lively debates. Since then, his has been a meteoric career, and I am delighted to see him in his place this morning.

Lembit Öpik: I have waited 23 years to say this, but after all those disputes, and given that the hon. Gentleman has been so supportive and complimentary, I can finally forgive him.

Mr. Francois: I am grateful to the hon. Gentleman for those kind words; I shall mull them over and decide whether to forgive him.

I also welcome the Minister to his place. We were sparring partners when he was in the Treasury and I was a shadow Treasury spokesman, and I look forward to sparring with him now. I hope that he will enjoy some security of tenure, at least for a few months, in the Foreign Office. I say that in particular because we have just had news that Lord Malloch-Brown, a Foreign Office Minister, has announced his resignation from the Government. Perhaps this Minister will last a little longer.

Iran is an ancient civilisation that cannot easily be caricatured. It is a little-known fact that it can claim to have produced the earliest-known charter of human rights on earth, back in 539 BC. In this remarkable document, a copy of which hangs in the UN Security Council, the Persian King Cyrus states:

> "Until I am alive, I prevent unpaid, forced labour... I announce that everyone is free to choose a religion. People are free to live in all regions and take up a job provided that they never violate others' rights. No one could be penalised for his or her relative's faults".

The country is blessed with abundant natural resources, but suffers several daily power cuts. It has the world's fifth-largest global oil reserve, but outside petrol stations, queues of cars continue often for half a mile. Its people have a thirst for change so telling that hundreds of thousands of citizens took to the streets to call for recounts after the recent elections, only to be ruthlessly crushed by the Government authorities. We witnessed masked paramilitaries roaming the streets on motorbikes chasing peaceful protesters, intimidating, hounding and beating them. We are still unaware of exactly how many protesters died.

My hon. Friend the Member for Ribble Valley (Mr. Evans), in his powerful speech, mentioned Neda, the 27-year-old music student, whom we saw, apparently shot by paramilitaries, lying bloodied on the street in Tehran. Her death was captured on video and beamed across the world in a day to millions of viewers. In many ways, she has become the icon of the clash between the old and the new in Iran. In the end, no Government can rule without consent, and this is a crisis of the regime's making. Although it must be for Iranians to decide how Iran should be governed, it is the demands of ordinary Iranians to which the Iranian Government should respond, and they forget that at their peril.

British foreign policy towards Iran should always be based on a pragmatic and hard-headed assessment of where British interests lie. Although those interests lie in an Iran once again engaged in the mainstream of the international community, we should never lose sight of the fact that Iran has one of the worst human rights records in the world. It is ranked 145th out of 167 in the Economist Intelligence Unit's democracy index. In the past few days, locally employed staff in the British embassy were taken captive without provocation. The unjustified harassment of staff from any embassy is a violation of diplomatic norms and utterly unacceptable. It is hard to know where to begin in the seemingly unending list of human rights abuses, a number of which were referred to by my parliamentary neighbour, my hon. Friend the Member for Southend, West (Mr. Amess).

The personal stories paint a powerful picture. Iranian authorities executed Delara Darabi in Rasht central prison on a Friday morning in May. Not only had there been no formal notification 48 hours before the hanging, as required under Iranian law, but just a fortnight earlier, Ms Darabi had been granted a two-month stay of execution by the head of the judiciary. The day before their daughter was walked to the gallows, her parents visited her in jail where she excitedly informed them that there was to be an appeal so that new evidence could be heard. Twenty-four hours later, she was dead. The Iranian people responded with huge internet campaigns and mass demonstrations—a powerful expression of disapproval of the regime.

It is evident that Iran's head of judiciary has little ability to control his own judges. Nevertheless, I urge him to act before any of the other 130 juvenile offenders on death row are executed. The international community has a clear duty to take a stand against an act that we all agree is wrong, and the message to the Iranian regime must be clear: its actions have consequences. Amnesty International regularly reports that trial hearings are often heard in private and that political detainees are denied access to legal counsel, often despite assurances to the contrary. It is ironic that when one visits Tehran, the Iranians talk with great pride about how there are designated seats in the Majlis for representatives of the Christian, Jewish and Zoroastrian minorities. That must be contrasted with the appalling apostasy laws that still exist in the provinces, and the ruthless treatment of members of the Baha'i faith, whose leaders are even now imprisoned without trial, possibly awaiting charges for which, if found guilty, they could face a capital penalty. I pay tribute to the strong case made on their behalf by the hon. Member for Montgomeryshire in his capacity as the chairman of the all-party Friends of the Baha'is group.

Even the designated non-Islamic religions face persecution. According to the last US State Department report on religious freedoms, there was an exponential

rise in officially sanctioned anti-Semitic propaganda, including official statements, media outlets, publications and books. So-called President-elect Ahmadinejad still pursues a virulent and outrageous anti-Semitic campaign, regularly questioning the existence of the holocaust. He also persists in chauvinistic remarks and has vetoed Bills designed by the seventh Majlis to improve the position of women.

Gender inequality and discrimination are widespread, and are perpetuated by Iran's constitutional structures. In Iran today, a woman's testimony is worth half that of a man's; compensation payable to the family of a female victim of a crime is half that of a man's family; boys inherit double what girls receive; and securing a divorce and custody of children is near-impossible for a woman. However, despite all the constitutional discrimination set against them, we again see the spirit and determination of the Iranian people themselves: two-thirds of students are women, and there are female MPs, doctors, policewomen and taxi drivers, and some 97 per cent. of women can read and write, which is one of highest literacy rates in the middle east.

Iran's leaders face a clear choice. Either they can accept the United States' offer of engagement and negotiation, which means dramatically improving their human rights record and suspending their nuclear program, or they can face international isolation, economic stagnation and a tightening of international sanctions. We hope that they see it as in the long-term interests of Iran and its people to choose the former.

10.49 am

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): I congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on securing this Adjournment debate. I know that it is often said that he champions minority causes, but the House is a place in which such voices should be heard. The issue under debate is of particular importance. The hon. Gentleman specifically drew our attention to the plight of the Baha'i community in Iran. Its seven leaders go on trial this weekend. It is probably appropriate that all we do at this stage is demand maximum transparency and openness in the way in which that trial is conducted. The judicial process should be conducted along the lines of international best practice, and international observers should be allowed to witness every conceivable stage of those court proceedings. For reasons that I hope the hon. Gentleman will understand, it is probably best that I leave it at that. We will be keeping a close eye on proceedings to ensure that the leaders of the Baha'i community are treated appropriately and properly.

Hon. Members have referred to the recent elections in Iran. Although it is not for Britain to determine the outcome of such elections, it is for us to say that the will of the Iranian people must prevail. Moreover, it is entirely appropriate to say that the reaction to those who felt motivated to go on to the streets to demonstrate against the outcome of that election was entirely unacceptable. The arrest of protesters and the alleged violent assaults against those who dared to question the result of the election is not acceptable in any country that claims to have been through a democratic process.

Lembit Öpik: Going back to what the Minister said about the Baha'is on trial this weekend, I understand why he takes his position. However, will he assure me that his Department will make a formal submission of that kind to the Iranian authorities? I am not asking him to go further than he has done in his comments, but I should be grateful if he made that as a formal submission through the usual channels.

Mr. Lewis: I will certainly make that submission through the relevant international institutions—whether it is the EU or the UN. We have made it very clear that we want to see that happen, but it is probably best that that is done through those international institutions in this particular case.

Going back to the elections, the will of the people must prevail. The regime's reaction to the protests following the elections is not acceptable, especially given the fact that it claims to have been through a democratic process. Part of going through a democratic process is being willing to allow people to express their objections and concerns about the outcome. The reaction of the regime is not very encouraging, particularly in the context of the recent positive overtures from the President of the United States of America, and our own Prime Minister, both of whom have said that they are willing to engage with Iran, but that it has to make fundamental choices. For example, as a nation, does it wish to become part of the mainstream international community, or does it want to remain on the margins, as defined by its human rights and other internal issues? Its recent behaviour in the aftermath of the recent elections cannot be encouraging for any hon. Member of this House who genuinely wants to see progress based on mutual respect, engagement and diplomatic processes.

Let me speak now about the human rights situation, then I will deal with the points that have been raised. Iran's human rights record is well documented. It has consistently deteriorated over the past few years. It has the highest execution rate per capita of any country worldwide, and juvenile executions continue apace. Despite Iran's history of tolerance and the rich and diverse mix of religious and ethnic groups that make up Iranian society, religious and ethnic minorities are subject to persecution, intimidation, arbitrary detention and denial of education. Even before the recent unrest began, the Iranian authorities had arrested large numbers of teachers, women's rights activists, students, trade unionists and ethnic minorities on charges of propaganda against the Islamic Republic, acting against national security and organising illegal gatherings. That was all part of a rigid clampdown on any form of dissent, opposition or peaceful organised protest.

In the aftermath of the elections, people's right of free assembly has been effectively withdrawn. Such actions are entirely unacceptable, and the European Union has made that abundantly clear to the Iranian authorities. Hard-line cleric Ayatollah Khatami's call for those involved in recent protests to be

"dealt with severely and shown no mercy"

is cause for serious concern.

We have heard about a number of examples of human rights abuses that cannot be tolerated. They include the arbitrary use of the death penalty; juvenile executions; persecution of minorities, whether religious minorities or minorities based on sexual orientation; the denial of people's right to express themselves freely; and the treatment of women in Iranian society. None of those issues is consistent with the stance of a country that

[Mr. Ivan Lewis]

wants to move from the margins of the international community to the mainstream. It is appropriate that at every opportunity this House shines a light on those human rights abuses and supports those who argue that there is serious need for reform in Iran. We must also recognise that it is the people of Iran who should be leading that call for reform with the international community in support.

My hon. Friend the Member for Islington, North (Jeremy Corbyn) talked about trade unions in Iran and the fact that they are not allowed to organise in a free and effective way. The symbol of any civilised society is the ability of trade unions to fulfil their functions in that way. My hon. Friend is mistaken in suggesting that the west—whether it is the United States or Britain—is responsible for the actions of the Iranian Government. That lets them off the hook and plays into the hands of the propagandists in the Iranian regime. We must make it clear that it is the Iranian regime that has primary responsibility for the way in which it behaves towards its own citizens and the rest of the international community. We should not allow it to be said that it is our foreign policy that legitimises and justifies the behaviour of Iran or any similar regime.

Moreover, I totally reject the notion that we have ever tried to appease Iran. We have tried to engage with it, and that is the appropriate thing to do. It is regrettable that the Iranian regime turned its back on that offer of engagement. Let us hope that it does not make that mistake again following the offer that has come from the new President of the United States. The hon. Member for Southend, West (Mr. Amess) suggested that we have specifically appeased President Ahmadinejad. However, it was the UK ambassador who led the walk-out at the recent conference in Durban, when Ahmadinejad repeated his vile anti-Semitism, his unjustifiable denial of the holocaust and his suggestion that Israel should be wiped off the face of the map. It is this country that has constantly condemned that kind of behaviour and rhetoric from Ahmadinejad.

The hon. Member for Ceredigion (Mark Williams) raised the question of our local staff in the Iranian embassy. One member of staff is still being held and we are hopeful that, through dialogue with the Iranian authorities, that individual will be released soon. There is no justification or excuse either for any of our staff to be held a minute longer in Iran or for the suggestion that we as a country were responsible for whipping up the public reaction after the election.

I congratulate the hon. Member for Ribble Valley (Mr. Evans) on his passionate and authentic speech, which he turned into a human story. The hon. Member for East Dunbartonshire (Jo Swinson) focused on freedom of speech issues and the attack on minorities. I agree with most of the contribution of the hon. Member for Rayleigh (Mr. Francois). As he said, we enjoyed jousting in our previous roles, and I look forward to doing the same in our new roles.

It is essential that we make it clear where we stand on the abuse of human rights in Iran, which is totally unacceptable and not the behaviour of a country that seeks to come into the mainstream. We urge the regime to take a different path. If it does, it will find a willingness to engage in a constructive and positive way.

Bullied Children

11 am

David Howarth (Cambridge) (LD): The effects of bullying on children can be devastating. Their mental and physical health can be destroyed, their self-esteem may be devastated, and they may even contemplate suicide. The fear of being bullied is a major reason for unauthorised absence from school, with all the effects that that can have on life chances.

The Cambridge-based charity, Red Balloon, which provides education and support for bullied children who have excluded themselves from mainstream education and helps them to recover and re-enter mainstream education, has helped many young people whose physical and mental health has been wrecked by bullying. I pay tribute to that charity, and I shall draw the Minister's attention to three of its cases to illustrate what we are dealing with.

The first case is of a girl who was beaten up and locked in a toilet in primary school. That induced a complete physical and mental breakdown. Aged 11, she was admitted to an adolescent mental health unit. She was barely able to walk and suffered from a facial palsy, and had such low self-esteem that she refused even to have her photograph taken.

A second girl stopped going to primary school when she was eight after she had been humiliated and called names. She was diagnosed with myalgic encephalomyelitis and spent the next five years at home, receiving no education of any sort from the local authority. When she came to the charity aged 13, she was unable to read or write.

The third example is of a boy who was extremely badly bullied, constantly, over a long period. He was often surrounded and taunted by groups of boys. On occasion, he would lose his temper and fly into a rage, which just encouraged his tormentors to continue. Finally, one day he lifted a chair and threw it at them, and he was the one who was excluded.

All three of those stories end well. The first girl, within six weeks of receiving the specialist care and attention that she required, had recovered to the extent that the palsy had gone, she no longer limped and she was smiling. It was found that she had an excellent singing voice. Nine months later, she was performing solos in front of hundreds of people. She is now at sixth form college, and her mother says she is flying.

The second girl recovered to the extent that she is also at sixth form college doing A-levels. The boy, in the safe environment with which he was provided and the calm in which he could get on with his studies, did well and subsequently went into a good job.

However, many such stories do not end so well. Children exclude themselves from school for years and end up with no qualifications or, worse, they suffer lasting damage to their mental health and educational achievement. Of course, the most serious outcome is suicide, and such cases appear in the media from time to time. It is difficult to design studies to show a causal link between bullying and suicide, but a review of 37 studies from 13 countries by Kim and Leventhal of Yale medical school showed that bullied children were far more likely than normal—nine times more likely according to one study—to think about killing themselves.

My question for the Minister is this: what can the Government do to help bullied children and, in particular, should the Government be counteracting some of the tendencies in school funding that might act against the interests of bullied children? The first point to make is that there is uncertainty about how many children are affected by bullying to the extent that they miss school. The official returns concerning school absences do not include bullying as an official category, so we have to rely on unofficial research.

Research by Beatbullying, another organisation that does very good work on bullying, including in Cambridge, has estimated that 170,000 absences a day are caused by bullying, which amounts to about 20 daily absences in a school of 1,000 pupils. I do not know whether that is correct, but even a tenth of that number would be something to worry about. Red Balloon believes that anything up to 6,000 young people nationally could be in need of the sort of service that it provides, but we do not know for certain.

That is worrying because of the way in which provision for children not in school is funded. The Government intend that, by September this year, all secondary schools will be part of school behaviour partnerships, which will deal, among other things, with the question of absences from school and the commissioning of services to deal with them. In addition, encouraged by the Government, local authorities are increasingly devolving spending decisions on what services to provide for children not in school to those partnerships, via the devolution of funding to schools.

I am not against devolution of budgetary power and responsibility to schools. Indeed, this debate gives me the opportunity to commemorate one of the pioneers of local financial management of schools, the former leader of the Alliance group on Cambridgeshire county council, Peter Lee, who sadly died on election day this year. Peter understood that there are serious difficulties inherent in, and therefore limits to, local financial management. One difficulty with such local financial management is that it could accidentally give schools an incentive to reduce costs by reducing quality. There has to be something in the system to counteract that tendency. I am concerned that schools and partnerships could have an incentive in the system as it has been set up, to deny the extent of the problem of bullying, especially given the lack of official information.

It is important to understand that many children who are excluding themselves because of bullying do not have statements and, unlike the boy I mentioned, have not been excluded formally from school, so it is very difficult for them to show up in the numbers and easy for them to slip through the cracks. I do not want to make accusations against specific local authorities or imply that some councils are more prone to that behaviour than others, but my hon. Friend the Member for Hornsey and Wood Green (Lynne Featherstone) was told by her local authority that there were no known cases of pupils dropping out of school because of bullying. I cannot see how that contention is believable.

In addition, the devolution of budgets might add to an existing pressure on local authorities to adopt the view that everything necessary in the field of bullying can be achieved by preventive measures, which tend to be much cheaper than the kind of services that are required to recover children from serious bullying after it has happened. Some very good organisations work to prevent bullying. I mentioned Beatbullying, whose interventions can reduce bullying by up to 40 per cent., but I should also mention Stonewall, which deals particularly with homophobic bullying, which is the second most frequent form of bullying of schoolchildren, behind bullying about body shape and ahead of racial bullying. Stonewall reports that homophobic bullying can be 40 per cent. lower in schools that have adopted policies expressly against homophobia and in which students take part in lessons in which the equality of rights for gay people is discussed. Many other organisations do excellent work on preventing bullying. However, none of those organisations would say that it is possible entirely to prevent bullying or that we will be able at some point entirely to dispense with the services of organisations such as Red Balloon, which deals with children who have been seriously bullied.

Red Balloon's mission is to recover such children and return them to mainstream education. The problem is that recovery is an expensive business, costing about £15,000 per pupil per year. I fear that schools and partnerships will feel under pressure not to refer pupils to such provision. We already see that sort of thing happening in parts of the country. Of course, the cost pales into insignificance when compared to the cost of not intervening, and it is important to stress that the kind of programme offered by Red Balloon is effective. Attendance levels are very high, and many of the pupils, like those I mentioned, go on to sixth-form education or further education, back into mainstream school or into employment. The success rate is high, as is the percentage of pupils gaining five A* to C-grade GCSEs.

By contrast, more conventional pupil referral units, to which such children might otherwise be referred, have very low rates of exam success. As the Government themselves say, only 1 per cent. of such pupils gain five A* to C GCSEs. It should be stressed that bullied children—it is important to remember that they are the victims of bad behaviour and not its instigators—are likely to find conventional pupil referral units at least as frightening as conventional school, meaning that such units are not the appropriate way forward.

As I see it, the problem is that the structure developed by the Government might disadvantage bullied children in two ways. It lumps them in, perhaps inappropriately, with children who have very different types of problem but who might well have access to additional resources because they have statements and the bullied children do not. It also encourages the false belief that there is no need to spend heavily on recovering bullied children and that everything can be done through prevention.

What can be done about that? I accept that the Secretary of State cannot and should not attempt to run every school in the country and that local policy making is vital, but there are three things that I suggest central Government can appropriately do.

First, the Government could bring together existing research and new authoritative research on the extent of the problem of self-exclusion because of bullying, so that schools and local authorities tempted to deny the existence or the extent of the problem can be challenged. A local authority or school that claims that none of its pupils has ever refused to come to school because of bullying should be open to legitimate challenge on the basis of established facts.

[David Howarth]

Secondly, there should be advice to schools and behaviour partnerships about the particular needs of bullied children. Such advice should point out the devastating costs not only of failing to prevent bullying, but of failing to offer effective routes to recovery to children who have been seriously bullied.

Thirdly, the Government should consider whether a policy aimed principally at changing the behaviour of disruptive pupils on the basis that, to quote the White Paper "Back on Track",

"Primary responsibility for good behaviour sits with young people themselves",

is at all adequate to meet the needs of bullied children, who are the victims of bad behaviour, not its perpetrators. If Beatbullying is right that one-third of unauthorised absences are caused by bullying, perhaps the central assumption of the Government's policy must change. The costs of bullying are great to both society and victims. In some cases, it is literally a matter of life or death. I appeal to the Government to do more for victims.

11.14 am

The Minister for Schools and Learners (Mr. Vernon Coaker): It is a pleasure to be here under your chairmanship, Mr. Chope. I congratulate the hon. Member for Cambridge (David Howarth) on securing this important debate. We all know that he has been assiduous in pursuing the issue over a considerable period.

Bullying is hugely important. The only point that I would add to the hon. Gentleman's remarks is that it is important not only because of the child being bullied but because of the bully. Sometimes that aspect is ignored. If somebody is allowed to continue to bully, that clearly damages the person being bullied—as the victim, they must be at the centre of our thoughts—but we must address the bully's concerns as well.

The three cases that the hon. Gentleman referred to are absolutely appalling. They are only three out of numerous examples that could be found across the country. I am a former deputy head teacher and used to be responsible for trying to deal with such issues. I was not the most brilliant history teacher in the world; others were good at that. I was much better at dealing with the difficult disciplinary and behaviour situations that others would rather somebody else dealt with. I enjoyed it.

One important thing that the hon. Gentleman mentioned was name-calling. There is nothing more hurtful or damaging than name-calling. It is sometimes regarded as only a bit of fun or a throwaway remark, but name-calling is hugely damaging. It is an important example of bullying and should be taken very seriously. If bullying in the form of name-calling is not dealt with quickly, it can become much more serious for the person doing the name-calling and, more importantly, for the individual being bullied.

Before I move to the formal part of my remarks, I will respond to the three points that the hon. Gentleman made at the end, so I do not lose them. I will say something about what we are seeking to do in order to collect more accurate information about the number of young people in school who are being bullied or who self-exclude. Should we go ahead with our plans, as I think we will, there will be a consultation, and he may well wish to make the point in consultation that it is not only about who schools think is absent because of bullying; it is also about people who appear to be absent for other reasons when in fact they are excluding themselves. That is an important point to make.

I will write to the hon. Gentleman after checking what advice we send to schools and what guidance we send to behaviour partnerships. I am not clear whether we are as forthright as we need to be or how up-to-date the guidance is, so I will have a look at it. Otherwise, it is pointless having debates such as this one.

The hon. Gentleman is right to say that the position of a pupil who is out of school and in trouble with their school due to being bullied is different from that of a pupil who is out of school and in trouble with their school because they are difficult or have behavioural problems. One challenge for our education system and for any Government is how to distinguish between all the different reasons why individuals present problems in schools. If alternative provision is required, as it sometimes is, we must find a way to determine the most appropriate provision for the individual. Of course a child being bullied has different needs from a child excluded for other reasons. He is right to make that point. I would extend it, and he can probably think of other examples where that is the case.

In the best alternative provision, many local authorities take that into consideration. I cannot say that the situation will change overnight, but it is something of which I am acutely aware. When talking to pupil referral units and alternative provision with local authorities and others, I will make the point that they should not tar everyone with the same brush. Different young people in different circumstances have different needs.

The fundamental aim must be to get such children back into mainstream education. That is not always possible, but it should always be the aim. Such places should have a revolving door, as far as is possible. I am not stupid about these matters and understand that that is not always possible, but we must ensure that people who have had problems because they have been bullied are not simply left somewhere. They must be monitored, worked with and given the education that they deserve, with the objective of bringing them back into mainstream education. I hope that those opening remarks are helpful in responding directly to the hon. Gentleman's points.

Bullying is an important subject. I have just been to a meeting of the Children, Schools and Families Committee. The hon. Gentleman may know that we are discussing the introduction of a school report card. Those who want to have a go at the report card ask why it refers to pupil well-being, when parents want to know about a school's standards in reading and writing, how good it is at getting pupils through GCSEs, what academic breadth it offers and so on. However, I believe fundamentally that parents also want to know whether the school is safe for their children and whether it has an ethos that tackles bullying, whether it is racist, homophobic or in any other form. The schools that have good policies on such matters and can reassure parents that they can deal with those problems are usually the schools that are well regarded. They are also often the schools that have good exam results. He may

want to read the debate on the report card that we are seeking to introduce, because it explores what schools should be about as well as academic results.

I assure the hon. Gentleman that I take bullying seriously and I am grateful to him for raising the subject. Like him, the Government recognise that bullying is a corrosive problem that can steal years from a young person's life if it is not acted against quickly. That is why we have made it clear and I repeat today that bullying is not and never will be acceptable in the classroom. As he knows, we are working closely through the national strategies and the Anti-Bullying Alliance to equip local authorities, schools and teachers with the information they need to deal with the problem. We are also giving staff the practical skills they need to challenge physical and verbal abuse through guidance such as "Safe to Learn". All such support is aimed at preventing bullying from taking place.

Where abuse persists, we must ensure that young people are given the help and support they need immediately. As the hon. Gentleman said, that means having high-quality provision across the country, not just in some parts. He mentioned Red Balloon centres, which provide the high-quality provision for pupils that should be available when then they need it. There is a legal duty on all local authorities to provide suitable education for pupils who cannot attend a mainstream or special school, whether through an appropriate alternative unit or through a voluntary or private sector provider such as Red Balloon.

The Government cannot and should not decide exactly what types of provision should be used in individual cases, as the hon. Gentleman accepted. Such decisions should be made at local level by those who are closest to the pupil and their family, because they are the professionals who know what the young person needs and when they need it. However, I recognise the tension that the hon. Gentleman mentioned. He is probably a stronger localist than I am—I am not sure about you, Mr. Chope—but one problem is that when the Government back off and leave such matters to local bodies and that does not work, people say that the Government should intervene. On the other hand, when the Government do intervene, people say that they should get out of it and let local people get on with it. That is not a sarcastic remark because there is a real tension between the central and the local directions; it was ever thus and it probably always will be. Nevertheless, the Government should be concerned about the variability of provision and try to do something about it.

We cannot say from Westminster what sort of provision an individual pupil in any given town, city or rural area needs. Funding for alternative provision should therefore be left to those on the ground. Even if we were to direct the investment in individual providers, however well intentioned that might be, it could distort the alternative provision market, giving providers who receive Government funding an unfair advantage over those that do not. Red Balloon has an opportunity to market itself and the hon. Gentleman has done his best to market it, not in the bad sense of the word, but in its proper sense. The Secretary of State has written to authorities in a number of areas—for example, in South Yorkshire—urging them to consider the opportunities that the charity might offer.

I will briefly discuss how local authorities obtain alternative provision. Some authorities are worried about getting funds back from schools to help the pupils who have fallen out of mainstream education. The School Finance (England) Regulations 2008 were introduced to ensure that local authorities can access funding to set up such provision, but local authorities do not often make use of that. Local authorities, not only in Cambridge, should remember that those regulations give them the power to withdraw funding from a school when one of its pupils enters alternative provision. They also allow local authorities to retain funding centrally for alternative provision.

The hon. Gentleman mentioned the commissioning of research into the number of children and young people who are out of school because of bullying. He has discussed the matter with the Secretary of State, the hon. Member for Buckingham (John Bercow), who has since become the Speaker, and Dr. Herbert recently. We are considering the feasibility of such research and intend to introduce a statutory duty on schools to record incidents of bullying between pupils. We hope to consult on whether a further duty should be introduced for schools to report all bullying incidents to their local authorities and we will consider whether the types of bullying should be recorded, such as whether it relates to race, sexual orientation or disability. The hon. Gentleman might wish to respond to the full public consultation that we plan to hold on the draft regulations later this year. We expect them to come into force early next year.

Such regulations will underscore the fundamental principle that bullying is simply not acceptable. That is why there is a clear legal duty on schools to have policies in place to prevent and tackle bullying. We expect schools to apply disciplinary sanctions to bullies. That is the other side of the coin.

I hope that the hon. Gentleman is reassured by my brief comments that as the Minister with responsibility for this area, I take bullying seriously. I accept the three points he made and will pursue them. I hope that he is reassured that we are looking again at the statistics.

David Howarth: I thank the Minister for his remarks. I am reassured that he and the Government are taking this issue seriously. He can rest assured that I am glad of the progress that is being made.

Mr. Coaker: That is a constructive and helpful comment. No hon. Member wants any young person to be bullied. My concern is the variability in provision across the country, which should not exist. Notwithstanding the point I made about localism, it is right of the Government to ensure that there is adequate provision across the country. We must ensure that alternative provision is tailored to the individual needs of the pupil as far as possible.

I feel passionately about alternative provision for young people and it is clear that the hon. Gentleman does too. It is the sign of a good society that as well as caring passionately about the academic achievement in its schools, it thinks about what it can do for those who struggle, however that struggle is brought about. From my experience as a deputy head, raising standards in difficult schools, when the young people with particular problems are dealt with in a caring way, achievement goes up. Schools that do that are the ones the parents

[Mr. Coaker]

want to send their children to. My message to schools is, let us see what more we can do together to tackle this serious problem.

11.30 am

Sitting suspended.

British Troops (Helmand Province)

2.30 pm

Paul Flynn (Newport, West) (Lab): This is a very sombre moment, Mr. Chope. We have heard of the unprecedented deaths of seven of our soldiers within seven days. All our emotions are churned up by that, and there is sadness at the brutal deaths of seven unique young men. There is admiration for their bravery and professionalism, which we all salute, but there is also anger at some of the political decisions that have been made, which have led us to the carnage of NATO and Afghan civilians on a scale that was not anticipated.

We have heard today, from the new Secretary of State, that he will be resolute in the face of the situation. I believe that we are on the point of change in public opinion, in the same way that there was a change in public opinion in America when the body bags were returning in large numbers from the Vietnam war. I believe that public opinion will be tested and that the public will ask why this country should pay a disproportionate share of what is known as the blood price in Afghanistan. That, I do not believe, will be tolerated, and I believe that other questions will be asked about whether we can continue and tolerate deaths on such a scale.

The Secretary of State today said: "For Britain to be secure, Afghanistan must be made secure". That is a repeat of comments made by past Secretaries of State, meaning that there is somehow a threat of terrorism to Britain because of the Taliban. That is part of the canard that it is much easier, or more plausible, to repeat old myths than to reveal a new truth. That is a myth: there has never been any Taliban plot against any western European city. There have been al-Qaeda plots, and the two are conflated, but there is no risk to us from the Taliban.

As was vividly revealed in James Fergusson's book "A Million Bullets", the Taliban are fighting us because we are the farangi—the foreigners—in their country; they are fighting a jihad to expel us from their country. James Fergusson tells a story about a conversation he had with a top leader of the Taliban, who told him, "I've got three small children, but I don't visit them very often because I don't want to love them, or for them to love me, because if they do it'll be a greater loss when I die." James Fergusson asked him, "Do you want to die?", to which he replied, "Of course I want to die; I want to die like my father, my grandfather and my great-grandfather died, fighting in a jihad against the farangi." That is why they are fighting us. Their ambitions and their antagonism to us do not stretch beyond their own lands. They also made the point to James Fergusson that, "We are fighting you." They would not kill him because of their tradition of hospitality and courtesy to strangers, but they asked him, "Wouldn't you fight people who came to your land and killed your wives and children?" That is the reality of the position that we are in.

I shall concentrate on Helmand, because I believe that what happened there was a great turning point. I am grateful to see here in the Chamber my right hon. Friend the Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram), who was the Minister answering a debate on this subject in March 2006. I am

not one to attack him or any other Minister, but having gone through the wonderful pack that the Library has prepared for the debate, which gives details of all the debates on this issue in recent years, I see one compelling truth: the Government and the main Opposition have always been wrong in their forecasts, and the critics have nearly always been right.

The intervention in Helmand took place in 2006, at which time the then Secretary of State, my right hon. Friend the Member for Airdrie and Shotts (John Reid), said that he hoped it would last for only three years and that not a shot would be fired. That phrase will be part of our history for a long time. To be fair to him, he pointed out the dangers, but his view was that the British should go there to ensure that reconstruction could take place, and that if there was any shooting to be done, it would be done by the Americans. However, others took a different view at that time. In a 2008 debate on this issue, it was said that what we were doing was as futile and as dangerous as the charge of the Light Brigade. This time it was

"Bush to the left of them,
Blair to the right of them,
Hollered and thundered,
Theirs not to reason why,
Theirs but to do and die,
Into the valley of the shadow of death
Into the mouth of Helmand
Drove the five thousand."

Those words were described as an exaggeration, but we now know that, since Helmand, more people have died there than died in the charge of the Light Brigade. At that time, the war, or intervention, in Afghanistan was going fairly well. Only seven British soldiers had died in five years, and five of those were in accidents, but since Helmand, 176 British lives have been lost. It was said then that we were stirring up a hornets' nest, and that is what happened, but the Government blundered on, and the lives of our British troops have been sacrificed because of that.

Bob Spink (Castle Point) (Ind): No doubt the hon. Gentleman heard Prime Minister's questions today; did he notice that the Leader of the House refused to call the engagement a war, and twice called it a mission instead? Would he, like me, feel more comfort if there was a definite, well-planned exit strategy for this war? Does he agree that other NATO countries, particularly our European neighbours, are not sharing their part of the burden in front of the fire?

Paul Flynn: We do not have wars any more; we rarely declare war, so the nomenclature that we use is misleading. But, certainly, by any standards, this is a war. We have always had an excessive share of the burden—quite unreasonably. We are not the policemen of the world, and our young men are not there to be slaughtered in order to correct every injustice that takes place in the world.

I am a member of the Western European Union, and I have spoken about this issue in Hungary and several other countries in Europe, including France and Germany. The view there is that they will not go to Afghanistan to do the dying. They will go there to do police work and other jobs, but they will not put their young soldiers at risk of being killed in a war that they know to be futile. I think we should accept that view. Some people did not accept that a year ago, but I believe that everyone accepts it now.

In 2006, there were voices—not just politicians'—saying that what was being done would be a calamity, and was a mistake that would rank in British history as having been as bad as Suez and the UK's decision to join Bush's war in Iraq. Brigadier Mark Carleton-Smith, who led 16 Air Assault Brigade in Helmand, before the real trouble began said:

"There is not to my mind an insurgency in Helmand. But we can create one if we want to."

It was a peaceful area, and we created the insurgency by our presence there in 2006. Ministers sleepwalked into the hornets' nest of Helmand and changed what was a manageable situation in Afghanistan into one that is now unwinnable.

After eight years, what progress have we made? What is this brave new world of Afghanistan that we are now asking our soldiers to die for? Certainly, there have been advances, for example, worthwhile advances in education, particularly in the education of girls. There is a frail embryo democracy and there has been some reconstruction, but the democracy itself is so frail and fragile that the Economist Intelligence Unit classified it as the 134th least democratic nation out of 167 countries. Progress has been painfully slow.

Corruption—to clean out the state—was one of the reasons that we went in there. Integrity Watch Afghanistan tells us that of the $25 billion given in aid to Afghanistan only $15 billion have been spent and for every $100 that have been spent, only $20 reached the Afghan recipient. However, there has been an extraordinary increase in the number of millionaires and billionaires in Kabul and those two events are connected. Transparency International UK points out that Afghanistan has slipped from being 119th in the international table of corruption to 154th out of 159 countries. So, we have gone backwards in that area.

President Karzai's half brother, Wali Karzai, is head of Kandahar's provincial council and is widely believed to be the source of drug trafficking and trade eastward beyond Kandahar. Many people in the Afghan Government and many of the provincial leaders are up to their neck in the drugs trade. What progress have we made in human rights that justifies us calling our young men to go to Afghanistan to die? Karzai refused a pardon to a young man who was sentenced to 20 years in prison for accessing an article on women's rights on the internet. However, Karzai did pardon a group of young men who were found guilty of gang-raping a 13-year-old girl. Those trials are very rare in Afghanistan because if such a case comes before the courts, it usually means the disgrace of the victim. Yet, he pardoned those who gang-raped a 13-year-old girl. A law to legalise rape in marriage was approved by Karzai in spite of western protests, and a father murdered his daughter for having a passing acquaintance with a NATO soldier. The Afghan Government refused to intervene because it was an honour killing.

The very distinguished woman MP in Afghanistan, who has now been suspended from Parliament, Malalai Joya, visited this country last year to accept a human

[Paul Flynn]

rights prize. Her judgment is that the rights of women in Afghanistan now are worse than under the Taliban. Is it really sensible to ask our soldiers to die for those human rights, which are the result of eight years of our presence there?

On drugs, Tony Blair was fond of saying that Afghanistan was a terrible state because 90 per cent. of the drugs on the streets of Britain came from there. I have heard almost every Secretary of State down the years say exactly the same thing. In some years, we have spent £90 million of our taxpayers' money and in some years, up to £260 million of taxpayers' money to eradicate drugs. That is British money. We led the field in the elimination of drugs. However, the result is that we have had the three biggest harvests of drugs ever in Afghanistan and the money spent has made no difference. There has been no reduction; the only reduction that takes place is when the price of wheat goes up and there is a higher market for that. The market for heroin is flooded throughout the world. There has been one change as a result of the misuse of taxpayers' money: the price of heroin on the streets of this capital and every capital in the world has gone down and it is much easier for people to become drug addicts.

When David Loyn recently gave evidence to the Select Committee on Foreign Affairs, he said that 60 per cent. of the police in Afghanistan are heroin addicts and virtually all members of the Afghan army use cannabis. Those are our allies in our war against drugs. Afghanistan drug exports are worth £3.4 billion. For a cut of that, the Afghan officials and the police allow free passage along their roads. They allow public land to be used for growing drugs and they protect the drug dealers. The main source of the Taliban's funding, which is certainly hundreds of millions of dollars, comes from the drug barons. They come to the Taliban and the money is used to buy weapons to attack our troops. Does anyone seriously believe that such an anti-drugs policy can ever change or be successful? Such a policy has failed for everyone during the past eight years—in fact, the money has had no effect whatsoever. The market out there is untouched by our interventions and activities—it is a hopeless cause.

We could all acknowledge that we cannot win by military means in Afghanistan, and that we have to win by persuading the Afghans that we are there for their own good. We need to win the battle for hearts and minds. I have received a reply today from the new Secretary of State for Defence that points out that we do not collect statistics on the number of civilian deaths in Afghanistan. However, as far as we can, we should do that because every one of those deaths is a problem to us and every one of those deaths means a family that is hostile to the mission of NATO. Happily for us, the United Nations calculates that just last year, 826 civilian casualties resulted from NATO activity and 1,160 civilian casualties resulted from the activities of the insurgents. We know that all those deaths are a defeat to us. Will we now learn the lesson—perhaps the Americans have—that hearts and minds cannot be won by bombs and bullets?

Another independent source of information on Afghanistan is UNICEF, which points out the sad fact that hundreds of schools have been closed in the south and that most of the country's polio cases are in the same region. Where there is a lack of security, vaccination dives. Afghanistan has the world's third highest child mortality rate, with 257 in 1,000 children dying before they are five. Only two other nations in the world are worse. Afghanistan also has the world's second highest maternity mortality rate with around one in eight women dying because of child birth and, according to UN figures, most cases are preventable. Those are horrific pictures. Considering the amount of money—the great tsunami of dollars and pounds that have been poured into the country—things have not got better; in many areas they have got worse.

We have discussed the terrorist threat before, but we need to call on the Government to provide the proof. Where is the evidence that we are protected against terrorist threats in Britain because we are in Afghanistan? I can think of none and I have not seen any produced, but that canard is repeated again and again as if it were a truth. Today it was used as a justification for the loss of seven lives in seven days. I press the Minister to tell us what he thinks the evidence is for that claim, which I am sure will continue to be repeated.

Our present position is very interesting because, just a year ago, there were signs that we would have to adopt a different policy. Exactly a year ago, I was in the Pentagon and I was told by the religious right and the old neo-cons that we will be in Afghanistan for generations. Others said that no invading alien army has ever won a battle against a local insurgency—a very chilling argument to make. The only possible exception is Malaya, but that insurgency did not have any popular support; it just represented a small tribe.

The way that these things go, we are likely to end up with one of two possible outcomes. One is that a deal is done: something happens and negotiations take place which will give us a chance to consolidate and preserve the gains made in education and reconstruction while making concessions on government concerns and the NATO presence. I believe that that is achievable. The alternative is that we run out in the same way the French did from Dien Bien Phu, the Americans did from Saigon and the Russians did from Kabul. In 2001, a fellow member of the Council of Europe, a Russian, slapped me on the back and said, "Ah, you British, you are very clever. You've conquered Afghanistan. We Russians did that. It took us six days. We spent billions of roubles there. We had 120,000 troops there. We killed 1 million Afghans and lost 16,000 of our own soldiers. We ran out, and, within a short period, there were 300,000 Mujahedeen around Kabul. It will happen to you." That was in 2001, and the Russians are now looking at us and saying that we are making the same mistakes as they did.

A year ago, there was hope of drawing in other European states, as the hon. Member for Castle Point (Bob Spink) suggested. That is gone; it will not happen now. A year ago, our UK ambassador in Kabul, Sir Sherard Cowper-Coles, stated:

"American strategy is destined to fail",

and warned that increasing troop levels would serve only to

"identify us even more clearly as an occupying force and multiply the number of targets".

He urged the presidential candidates not to get bogged down in Afghanistan. America's top general at the time, Brigadier Mark Carleton-Smith, said:

"We're not going to win this war."

He went on to state:

"If the Taliban were prepared to sit on the other side of the table and talk about a political settlement, then that's precisely the sort of progress that concludes insurgencies like this."

There are hopeful signs in the election of President Obama. He was committed to the surge by an election promise. On 9 February, an early-day motion was put down in this House pointing out that a surge in troops in Afghanistan would mean a surge in fatalities. It is no comfort to see that the prophecy was accurate; it was certain to happen. We have had the surge of troops, which was based on the conclusion that if a surge worked in Iraq, for very different reasons, it might work in Afghanistan. Politically, President Obama had no choice but to become involved in the surge, but he has done other things that are far more promising—for example, he got rid of his previous NATO supremo and appointed General Stanley McChrystal, who has used words that have never been used before about Afghanistan. He used the word "defeat", and we must consider the possibility of defeat. No one in America had ever dared to utter such a word, but General McChrystal uttered it, and he is a practical soldier. He used another word that is important to us: "exit". We must now concentrate not on a perpetual war—a war without end—but on looking for practical ways of getting out. The main reason our soldiers are dying is not the wickedness of the Taliban; they are dying because of our presence in Afghanistan. We should look at previous insurgency wars that have taken place and learn from their results.

As I said earlier, we are at a turning point today and this week. Public opinion will suddenly become aroused. There are exact precedents for that in other parts of the world. We know of the anger that was expressed about our reasons for going to Iraq. There was virtually universal approval of the reason for our going to Afghanistan in the early stages, but, in my view, if there had been a debate and a vote in this House, there would not have been approval for the incursion into Helmand province. That was the disastrous turning point that turned a manageable situation into what we have now: one in which it is impossible to win.

I conclude by paying tribute to the soldiers. I speak as the proud son of a soldier who faced the enemy on many occasions. This House sent those young men and women to Afghanistan. It was our decision, and we should confront it. I was called on Friday by a reporter from the *Wales on Sunday* newspaper who asked whether I was proud that there were more Welsh troops in Afghanistan than there have been in any British operation since Malaya. I said that, yes, I was proud of their bravery and professionalism, but that I worried that the outcome would be the loss of more Welsh lives.

I recall the words that are on the side of the beautiful Welsh war memorial in Cardiff:

"Dros ei wlad fe rodd ei lw,

Dros fôr fe aeth i farw."

For his country, he gave his oath, over the sea he went to die. Let us for a moment recall the names of those who went over the sea to die. They all have families and relatives who are now suffering a wound that will never heal. They are: Ben Babington-Browne, Dane Elson, David Dennis, Robert Laws, Rupert Thorneloe, Joshua Hammond, Sean Birchall, Paul Mervis, Robert McLaren, Cyrus Thatcher, Nigel Moffett, Stephen Bolger, Kieron Hill, Robert Martin Richards, Jordan Rossi, Petero Suesue, Jason Mackie, Mark Lawrence Evison, Ben Ross, Kumar Pun, Adrian Sheldon, Sean Binnie, Tobie Fasfous, Dean Thomas John, Graeme Stiff, Christopher Harkett, Michael Laski, Tom Gaden, Paul Upton, Jamie Gunn, Stephen Kingscott, Darren Smith, Daniel Nield, Richard Robinson, Tom Sawyer, Danny Winter, Travis Mackin, Chris Reed, Liam Elms, Benjamin Whatley, Robert Deering, Stuart Nash, Aaron Lewis, Steven Fellows, Damian Davies, John Manuel, Marc Birch, Tony Evans, Georgie Sparks, Alexander Lucas, Krishnabahadur Dura, Neil David Dunstan, Robert Joseph McKibben, Yubraj Rai, James Munday, Nicky Mason, Jason Lee Rawstron, Gary "Gaz" O'Donnell, Justin James Cupples, Barry Dempsey, Wayne Bland, Peter Joe Cowton, Jonathan Mathews, Kenneth Michael Rowe, Jason Stuart Barnes, James Johnson, Dan Shirley, Michael Norman Williams, Joe John Whittaker, Sarah Bryant, Sean Robert Reeve, Richard Larkin, Paul Stout, James Bateman, Jeff Doherty, Nathan Cuthbertson, Daniel Gamble, Charles David Murray, Dale Gostick, James Thompson, Ratu Sakeasi Babakobau, Robert Pearson, Graham Livingstone, Gary Thompson, John Thornton, David Marsh, Damian Mulvihill, Damian Stephen Lawrence, Darryl Gardiner, Lee Johnson, Jack Sadler, John McDermid, Jake Alderton, Alexis Roberts, Phillip Newman, Brian Tunnicliffe, Ivano Violino, Craig Brelsford, Johan Botha, Damian Wright, Ben Ford, Christopher Bridge, Aaron James McClure, Robert Graham Foster, John Thrumble, David Hicks, Tony Rawson, Michael Jones, Barry Keen, David Atherton, Alex Hawkins, Daryl Hickey, Dave Wilkinson, Sean Dolan, Thomas Wright, Neil Downes, Paul Sandford, Mike Gilyeat, Darren Bonner, Daniel Probyn, George Russell Davey, Simon Davison, Chris Gray, Michael Smith, Benjamin Reddy, Ross Clark, Liam McLaughlin, Scott Summers, Jonathan Holland, Mathew Ford, Thomas Curry, James Dwyer, Richard J. Watson, Jonathan Wigley, Gary Wright, Paul Muirhead, Luke McCulloch, Mark William Wright, Craig O'Donnell, Steven Johnson, Leigh Anthony Mitchelmore, Gareth Rodney Nicholas, Allan James Squires, Steven Swarbrick, Gary Wayne Andrews, Stephen Beattie, Gerard Martin Bell, Adrian Davies, Benjamin James Knight, John Joseph Langton, Gary Paul Quilliam, Oliver Simon Dicketts, Joseph David Windall, Anare Draiva, Jonathan Peter Hetherington, Bryan James Budd, Sean Tansey, Leigh Reeves, Andrew Barrie Cutts, Alex Eida, Ralph Johnson, Ross Nicholls, Damien Jackson, Peter Thorpe, Jabron Hashmi, David Patten, Paul Bartlett, Jim Philippson, Peter Edward Craddock, Mark Cridge, Steven Sherwood, Jonathan Kitulagoda, Robert Busuttil, John Gregory, Darren John George, and a solider who is yet to be named who died yesterday. May they rest in peace.

3.4 pm

Nick Harvey (North Devon) (LD): I begin where the hon. Member for Newport, West (Paul Flynn) finished. He reminded us of the ultimate price paid by so many of our soldiers in Afghanistan. I join him and others in paying tribute to those brave service people who did what they believed in and paid a terrible price for it. I pay tribute to everybody else who has fought in Afghanistan during the eight years that we have been there. I salute their courage, their professionalism and their determined perseverance in difficult circumstances at every twist and turn.

[Nick Harvey]

The hon. Gentleman made an interesting, powerful speech. He made some good points and some with which I do not agree. He strung his points together and came to a conclusion that I do not share, but he convinced me that we should have had a more substantial debate at the time at which the deployment into Helmand took place. Looking back, I do not think that there was enough understanding in Parliament, or among the public or the media, of quite how significant the change in our deployment from that point forward was going to be. I do not agree that, if there had been a full-scale debate and a vote, the House would have voted against going into Helmand. Perhaps if we had known then what we know now we might have done so, but we did not and could not know then what we know now.

With the benefit of hindsight, I wish that the Government had shared with the House, or at least with the Defence Committee, some of their background papers and risk assessments and some of the considerations that they weighed in the balance when they decided, as part of a NATO strategy, that we should go into Helmand. I wish that that had been so, because I wish that Parliament had gone into it with its eyes open. The task of bringing public and media opinion with us would have been easier if more of these things had been brought out at the time. All of that being said, and NATO having embarked on that strategy, I would still have voted to go ahead with it, but a debate over the fundamentals, in that sense, is rather overdue. To the extent that this short debate has begun to serve that purpose, it is welcome.

Bob Spink: No doubt the hon. Gentleman would pray in aid his decision to go ahead the fact that the education of girls in Afghanistan has increased perhaps tenfold during this period. Would he not also agree that, had the money that we spent on the war been spent instead in other ways to promote understanding and education and restructuring in that country in a peaceful way, without the loss of the 170-odd lives, we may have done even better in securing that objective without the loss of life and without quite as much money being spent?

Nick Harvey: That is an interesting point. I do not think that anyone should say that no progress is being made or that nothing is being achieved, because that is not so.

There are things to which we can point that are achievements, but whether, in principle, it would have been right to have committed British troops and put their lives in danger to achieve the objective of securing girls' education in Afghanistan, I am not so sure. To that extent, the hon. Gentleman is making an interesting point; there might, in ideal circumstances, have been other ways of trying to bring about that objective. That brings me to the point that I wanted to make about the assertions made by the hon. Member for Newport, West about the Taliban. He was developing the point that the Taliban represented no threat to the UK and that, if we had left them alone, the UK would have faced no threat and would have been under no threat. I do not think that that assertion is correct, and I do not sign up to the challenge that the hon. Gentleman threw down—I listened to John Humphrys throwing down a similar challenge to the Defence Secretary this morning on the "Today" programme—on proving that terrorism would have been the consequence. On many occasions in armed conflict, people have to make their best guess as to what the enemy's response would be to any particular situation.

We weigh up all the evidence that we have and arrive on the balance of probabilities at what we think the enemy is likely to do. With respect to the hon. Gentleman and John Humphrys, it is not up to those of us who think that the action in Afghanistan is justified or logical to prove that terrorism would result from having the Taliban back; it is up to those of the hon. Gentleman's view to prove the opposite, given Taliban-run Afghanistan's history as a haven for international terrorism. It is a perfectly reasonable working hypothesis to say that if the Taliban reasserted control in Afghanistan, the same things could and would happen again as time went on.

One has to look at Afghanistan's history. Since 1974, Afghanistan has been unstable and has progressively deteriorated. There have been 35 years of hell for the people of Afghanistan, and it is many decades since we could view the country as anything other than a failed state. In that vacuum—that is what a failed state amounts to—international terrorism was able to secure a haven for itself. Only when we have used whatever means we can to put Afghanistan back together as a viable and stable state that is capable of functioning on its own terms—not necessarily as one built on some idyllic western concept of what constitutes a democracy—can we say that we have reasonably reduced the likelihood of international terrorism once again finding a safe haven and a home in Afghanistan. That is a perfectly logical conclusion to draw from the history and from an assessment of the current situation, and I simply do not believe that it is incumbent on anybody to prove that terrorism would follow the return of the Taliban. One has only to look back a short number of years to see that that was indeed what happened.

That said, it is perfectly clear that we are arriving not quite at the tipping point that the hon. Gentleman suggested, but at some sort of strategic stalemate in Afghanistan. One cannot say in all honesty that NATO's current strategy and tactics are setting us on course to achieve success, victory or the goal of stabilising Afghanistan, and they are certainly not setting us on course to do that in any reasonable time frame. The longer progress does not seem to be made and the longer we continue in this stalemate, the truer the hon. Gentleman's observation will become that the key rallying point for the insurgents—if one wants to use that word—is the simple fact of foreigners being in the country. That is why continuing to pursue our current strategy and vowing just to stick at it however long it takes is no longer a viable way forward, and I believe that President Obama has arrived at the same conclusion. His surge is not something that he feels bound to implement as a prisoner of his election promises, but something that he is doing with conviction, in the belief that something must be done to get over this impasse.

There is no guarantee that the surge will succeed in the terms that he has set for it. A surge into the large, rural, thinly populated areas of Helmand province is a very different proposition from a surge in the city of Baghdad, and I do not know whether it will be possible

to achieve even what President Obama wants, but he is right to have embarked on that course, because it is perfectly clear that we simply cannot go on as we have been. We have had a remarkably small number of western troops in Afghanistan all along, given the size of the population and of the country that we are trying to stabilise. In comparison with other international engagements in which stabilisation was the objective, we have lacked boots on the ground from the word go.

There are other problems that we have debated many times before. The Government have set about trying to address the problems with armoured vehicles, but there is still a chronic shortage of helicopter lift capacity. Some of the dangers to our troops would be obviated if we could move them about more in the air and less on the ground. Our strategy has also fallen into disarray, because we have not managed to keep the reconstruction effort, the war fighting and the conflict prevention together as one. In his book, "Swords and Ploughshares", Paddy Ashdown talked about the need for a "seamless garment", with conflict prevention, war fighting and reconstruction drawn together as interwoven strands.

Paul Flynn: This is the fourth Army that we have had in Afghanistan in our history. One emerged with just one of our soldiers alive. All our Armies ran out of Afghanistan defeated and our troops were generally slaughtered. The Russians had 120,000 troops in Afghanistan, but the Russians, too, ran away. It is calculated that up to 500,000 troops would be the right number to get some control over the country. How many troops does the hon. Gentleman think should be sent there to guarantee a military victory?

Nick Harvey: But the Russians' objective was completely different. They were trying to take over the country and run it. We are not trying to do that in any sense. The objective of the NATO presence in Afghanistan is to help the elected Government stabilise the country to the point where reconstruction can take place and Afghanistan can retake its place in the community of nations. That is a totally different objective from bringing in an invasionary force to take complete control of the country and run it.

The difficulties in what we are doing are all too clear. The hon. Gentleman rightly pointed up the shortcomings in the emerging governance of Afghanistan. There are shortly to be elections, and it is dearly to be hoped that something more viable will come out on the other side of them, but there are not necessarily grounds for optimism. None the less, we were right to go in at the beginning. The change of strategy in 2006 was agreed in NATO, and we have done what we undertook to do in Helmand to the best of our ability. Equally, however, the hon. Gentleman is right to have sought a debate about the overall strategy, because we will not achieve the undefined goals that we have set ourselves by carrying on as we are at present. I very much hope that the change of tempo that President Obama has signalled is the beginning of a complete change.

The hon. Gentleman is right that a deal would be struck in the end and that a political solution would have to be found. Everywhere we have been involved over a very long time, we have denounced people as terrorists and said that we would have nothing to do with them, only to end up having to sit down and talk to them. There is no doubt that that will ultimately happen in Afghanistan, but we must ensure that what emerges enables Afghanistan to rebuild itself over a long period, so that it can become a stable country and not a haven for terrorism. I very much hope that we will get to that point sooner rather than later. Previously, I might have believed that we could carry on as we are doing for 20 years and achieve the outcome that we seek, but I can no longer accept that as valid.

3.19 pm

Mr. Gerald Howarth (Aldershot) (Con): I thank the hon. Member for Newport, West (Paul Flynn) for providing the House with a timely opportunity to consider again the developments in Afghanistan. I am disappointed that more hon. Members are not here for the debate, as there is no doubt that the nation is following closely the progress of military operations in Afghanistan, saluting the extraordinary courage and commitment of Her Majesty's armed forces, and grieving at the loss of so many fine men and women, whose names the hon. Gentleman read out.

I have a particular reason to grieve, because the Welsh Guards are based in my constituency and they have already taken a pretty heavy hit, not least in the loss of their commanding officer, Lieutenant-Colonel Rupert Thorneloe, whom I had the privilege of meeting when he gave a cocktail party on the regiment's arrival in Aldershot and prior to its deployment. Therefore it touches us greatly. Today, the funeral of Major Sean Birchall took place at the Guards chapel a few hundred yards from where we are having this debate. Lieutenant Paul Mervis was also the son of friends of ours. The issue touches the entire nation, and it is appropriate that Parliament should debate it with all seriousness.

Although it was not by any means a sure-footed performance, the Secretary of State tried on this morning's "Today" programme to set out the reasons for NATO forces being in Afghanistan. They are, first, to prevent the country lapsing back into a failed state that provides a safe haven for those who have plotted the bombing of western cities—a point made admirably by the hon. Member for North Devon (Nick Harvey); and secondly to enable the Afghan Government to deliver a reasonably stable country, providing economic and social benefits to its people according to their customs. The Secretary of State did not allude to drugs, and it is extremely disappointing that we have made so little progress in dealing with the drugs problem, because there is no doubt that those drugs are reaching the streets of our towns and cities, killing our young people and destroying lives. I know that the hon. Member for Newport, West has some interesting ideas on how that might be approached, and perhaps the Minister will want to say something on it.

With the number of British fatalities approaching the level experienced in Iraq, we have a duty to check how well our national strategy is working. The British Army spokesman on the radio this morning, Lieutenant-Colonel Richardson, set out some of the successes, such as the increase in educational and medical provision in Helmand province, to which he might have added the repair of the Kajaki power station, which has done a great deal to improve the lot of ordinary people in the Helmand valley. The focus is now clearly on the military operation, Operation Panther's Claw. Helmand is the key battleground, suffering twice the number of insurgent-initiated attacks

[Mr. Gerald Howarth]

as neighbouring Kandahar province since January. It is important to record that it is not just in fighting the Taliban that British forces are working hard; their commitment to the winning of hearts and minds is central to their understanding of their role in theatre. We should pay tribute to the ability of those men and women, many of whom are very young indeed, to switch from close-quarter combat to metaphorically putting their arms round local people, and trying to help them to improve facilities and their lives, in the face of attack by the Taliban.

Paul Flynn: I hope that I did not give the impression that I thought our British soldiers were primarily responsible for the deaths of civilians. It would certainly be untrue. They have been on course to win hearts and minds from the time they were first there. The great majority of the collateral damage—the killing of civilians, including women and children—results from American bombing.

Mr. Howarth: I was not attributing an indifference to the hearts and minds policy to the hon. Gentleman—far from it. However, he is slightly wrong in singling out the Americans with respect to attacks on civilians. The overwhelming majority of civilian deaths in Afghanistan arise from the actions of the Taliban. They are the people responsible for killing so many Afghan civilians. However, those unfortunate, tragic incidents of collateral damage—that rather euphemistic expression that we all use—show why we must invest so much money in high-technology precision equipment that reduces collateral damage. That enables us to look our constituents in the face and say, "We have done everything possible to ensure that our armed forces seek to carry out their mission clinically, and take great care not to inflict casualties on civilians."

Some of our key concerns were set out by the shadow Secretary of State, my hon. Friend the Member for Woodspring (Dr. Fox) during the "Defence in the World" debate on 4 June, which was local and European election day. The Secretary of State promised to write to hon. Members whose questions had not been answered, but a month later, I regret to inform the House we have not yet received anything. I remind the Minister of some of the questions. First, what strategy do the Government have for the mission? My hon. Friend quoted the Prime Minister, who said on 29 April that

"as the US moves in, we will over time shift the balance of our operations away from front-line combat and towards an enhanced contribution to training both the army in Afghanistan and its police."—[*Official Report*, 29 April 2009; Vol. 491, c. 870.]

We wanted to know the timetable for that shift. Clearly, the emphasis today is concentrated on intensive front-line operations, with no sign of the shift signalled by the Prime Minister. It would be helpful to know whether there is any timetable for that.

Secondly, we need to know what the change in operational emphasis means for British troop numbers and how the UK's mission will or may change following the ramping up of US forces, which are being bolstered, with an extra 10,000 men being committed to Helmand. There is an issue of command and control. At the moment, the United Kingdom is essentially in charge of operations in Helmand, but the dynamics are bound to change if the overwhelming majority of forces in that part of the theatre are American.

My hon. Friend expressed fears that Britain could end up with a "Charge of the Knights" syndrome whereby the UK's contribution would be deemed too small to accomplish the military task, inflicting damage on the Anglo-American relationship and tarnishing the reputation of our armed forces. That concern has been exacerbated by reports that requests by British military commanders for an increase in troop numbers have been rejected. As Con Coughlin wrote in *The Daily Telegraph*—I apologise to some hon. Members for mentioning that newspaper, but there we go; I do not think that he was involved in other matters—on Friday:

"If British commanders had got their way, an extra 2,500 of our troops would have been sent to Afghanistan this summer to do precisely what the Americans are now doing—taking the fight into the heartland of the insurgency. But Gordon Brown…refused the request on grounds of cost. As a consequence, British forces find themselves in the humiliating position of having to watch as the Americans do their job for them."

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): Not true.

Mr. Howarth: The Minister says it is not true. Let me just say that it is of course true that the Prime Minister has never shown any interest in providing the support necessary to fund the core military budget. That is evidenced by the fact that there has never been proper funding for the strategic defence review of 1998, let alone a proper budget on which to fight two wars. However, our force of 9,000 is actively participating rather than watching. I would not want to give the impression to anyone that British forces were somehow not participating, but there is no doubt that the Americans are probably the spearhead in Operation Panther's Claw.

Bob Spink: Would the hon. Gentleman care to say whether it is Conservative party policy to increase the number of troops sent to Afghanistan, and what the numbers might be? Has the Conservative party set out what it would see as an exit strategy, with timings?

Mr. Howarth: If I may, I shall come on to the matter of an exit strategy. I have a passage in my speech on that; the hon. Gentleman and others have mentioned it and it is a critical issue that I want to return to.

My third point was raised by my hon. Friend the Member for Woodspring during the debate last month when he asked the Secretary of State to update the House on how many of the 5,000 NATO troops promised at Strasbourg had arrived in Afghanistan. We still have not had an answer to that question, and I hope that the Minister will respond to it.

I want to raise two further issues, including the exit strategy, which the Minister should deal with today so that the British public are clear about the Government's intentions. First, there is a real imperative to meet the here and now. I understand that the budgetary difficulties that the Ministry of Defence is suffering are leading to battles between each of the services for resources. Some people, particularly those who are Army-orientated, are saying that we must scrap this, that and the other to concentrate on the main endeavour, which is to win in

Afghanistan. I understand that argument, but there are other issues that we as politicians must address. There are other potential threats to our nation that we must address. We cannot simply devote everything to the here and now.

Having said that, the here and now is important, and it is our duty to ensure that our armed forces have what they need in theatre to do the job that we have asked them to do. There is no doubt that the introduction of new vehicles, such as the Mastiff and the Jackal, have helped, but there are insufficient numbers of them. The US has ordered 10,000 Mastiffs, but the UK has ordered just 235 with delivery already delayed. Furthermore, heavily armoured vehicles are not the universal solution because the enemy increases the power of its mines and roadside bombs to defeat whatever new armour we provide. It is important that people understand that. One cannot simply bolt on more and more armour. That will undoubtedly protect troops, but it will inhibit their wider operations. Some people believe that our only duty is to ensure that troops can travel with impunity in armoured vehicles, and that has been the case so far, but a soldier told me at the Aldershot Army show last Saturday that one reason why troops like the Jackal, which has no top, it that it gives them situational awareness and they can see what is going on. Troops in the back of a Mastiff, and even the driver, have a very limited view outside. I have always said that we should concentrate on the range of kit that commanders in the field need.

The Government's decision five years ago to cut £1.4 billion from the helicopter budget was an unmitigated disaster. I understand that we have no spare capacity to increase the supply of helicopters, and those that are deployed are being hammered by the tempo of operations, and the inhospitable environment. Although the number of UK forces deployed to Afghanistan has increased to 9,000, the number of helicopters has not changed since late 2006, when the UK had just 4,500 troops in theatre.

The Leader of the House, standing in for the Prime Minister at Prime Minister's questions today, claimed that the number of helicopters in theatre had increased by 60 per cent. She must know that it is not the number of helicopters that has increased so dramatically, but the number of flying hours, which subjects the machines to vastly increased wear and tear. As long ago as October 2006, an RAF Chinook pilot, Flight Lieutenant Stuart Hague, was reported to have said:

> "We feel exposed and we have so few machines; we need more helicopters and newer ones".

Such reports make the public believe that their Government have not delivered what the troops in theatre require, and such reports betray the meaninglessness of the assurance given by Tony Blair that commanders in the field could have whatever they need. The Minister, who is a good man, will undoubtedly refer to the six Merlin helicopters acquired from the Danes and to the re-roling of the eight mark 3 Chinooks, which have been gathering dust in a hangar for the past 12 years.

Mr. Kevan Jones: That is the Tories' fault.

Mr. Howarth: It is not the Tories' fault. The Government have had 12 years to put it right, and they have been very slow about it. None of those Chinooks is available now, so what are the Government going to do to increase the immediate availability of helicopter lift, and what has happened to the NATO commitment at Bucharest to create a pool of helicopters available for deployment?

My second point, which the hon. Member for Castle Point (Bob Spink) wanted me to address, is the exit strategy. I do not detect any discernible exit strategy from Afghanistan. As the hon. Member for Newport, West said, we all know the history of British military involvement in that country in the 19th century, and we need to be reassured that history is not about to repeat itself.

That is not an attack on the Government; it is, I hope, a sober challenge to all of us to understand the magnitude of the issue. To know where we are going, it helps to know where we have come from, and there is no doubt that our experience in Afghanistan in the past does not augur well, although the hon. Member for North Devon was entirely right in pointing out that our mission is very different from that undertaken by the Soviets. I hope that the Minister will tell us what state of transformation in governance and self-sustaining Afghan military capability will constitute success, and at which point it will be safe for Britain and NATO to withdraw.

For sure, there is no way in which we can sustain this tempo of operations for an extended period, let alone the 30 years mooted two years ago by the then British ambassador, Sir Sherard Cowper-Coles, with whom I breakfasted, as did the Minister, at the British embassy at Kabul prior to his going on the "Today" programme to explain his view. Nor is there any way in which we can create a benign sort of Hampton-in-the-Helmand in the society described by a friend of mine who is a former brigade commander in Afghanistan. When we were discussing the general situation, he said: "If you want to understand this place, Gerald, just go back to the 15th-century Scottish borders"—that is where I am half from—"and you will then have some idea of what this country is like." We must be realistic about what we can achieve.

There is widespread acceptance that the battle in Afghanistan must be won, not least because NATO's credibility is on the line, but also so that those who have given their lives in this cause will not have done so in vain. However, we must recognise that it is part of a much larger picture involving al-Qaeda and Pakistan. I suggested to General Richards some time ago that there was a risk that Helmand province would act as a magnet to Islamic fundamentalists—foreign insurgents—who are keen to exploit the chance to hit the West. I believe that I was not wide of the mark, although few agreed with me at the time. That is another issue. We must consider the extent to which it is becoming, as the Leader of the House said, a "crucible" that is acting as a magnet for those forces who perhaps failed to deal with us in Iraq and are now looking to deal with us in Afghanistan before they reject everything that we stand for.

Yesterday, the Government announced their intention of beginning work on a new defence review—an announcement that, given its serious implications for the nation's entire defence strategy, should have been made on the Floor of the House so that all hon. Members could have the opportunity to question the Secretary of State. That review must be foreign policy-led, not Treasury-led and, above all, it must factor in lessons from Iraq and Afghanistan, and the likely impact that

[Mr. Gerald Howarth]

continuing operations will have on our foreign policy and military strategy. That is the very least that we must do, and I hope that the Minister will respond to the key issues that have been raised during this debate.

3.38 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): I thank my hon. Friend the Member for Newport, West (Paul Flynn) for securing this debate. Like the hon. Member for Aldershot (Mr. Howarth), I am disappointed that more hon. Members are not present to be involved in the debate.

I pay tribute to the people who have lost their lives. It was sobering to hear my hon. Friend read out the list of names one by one. A difficult job for any Defence Minister is to take the phone call, usually late at night or early in the morning, informing one that yet another person has been lost in Afghanistan, and the first thing I always think about is their families. Last weekend was particularly poignant because of Rupert Thorneloe's loss in Afghanistan. Rupert worked on the fifth floor of the Ministry of Defence and many of the staff knew him well. I had met him and I agree with the hon. Member for Aldershot that he was a tremendous individual.

I am pleased that Her Majesty the Queen last week announced the creation of the Elizabeth cross. As a Back Bencher, I campaigned for such an award, to recognise the sacrifice that families have made in the defence of this country. It is also important to put it on the record that our thoughts are with those who have been injured in Afghanistan and Iraq since 2001. My area of responsibility covers the Defence Medical Services, and I regularly meet very brave individuals who now have very challenging lives because of the sacrifice that they made.

I agree with the hon. Gentleman on another matter. I have visited Afghanistan on five occasions—first in 2002 and most recently about three months ago—and the one thing that always heartens me is that morale is very high. Like him, I pay tribute to the servicemen and women. British youth get a bad name, but the best of British youth can be seen taking a huge amount of responsibility in Afghanistan.

As I said, I congratulate my hon. Friend the Member for Newport, West on securing the debate. However, I fundamentally disagree with his approach, although I respect his right to hold that view. He asks why we are in Afghanistan—what the reasons are for our involvement. My right hon. Friend the Secretary of State outlined those this morning in his speech. First, it is to prevent the return of the Taliban, which would allow terrorism to flourish. We cannot forget that. The hon. Member for North Devon (Nick Harvey) reiterated that point. Secondly, this year, it is to ensure that there is the right environment for the elections to take place. The hope is that they will be free from intimidation and the insurgents will not deny the free will of the Afghan people to decide who governs them. Another reason is, in the long-term, to make space for civic society to develop and to ensure that the security of Afghanistan can be taken over by the Afghan people themselves.

My hon. Friend and others ask what the strategy is. As I said, I have been visiting Afghanistan since 2002 and I have always been very clear on the strategy. We cannot, as some people naively try to do, separate reconstruction from security. The strategy is clear. It is about ensuring that we achieve security and then bring in reconstruction and governance building, which is taking place. Certainly on my visits to Kabul, I have seen tremendous progress being made. People ask, "Has progress been made?" Yes, progress has been made not only on education, which was mentioned, but on governance and the reach of the Afghan Government across the country. People ask, "Why are we there?" One of the interesting things is that Kabul today is very different from the city I first visited in 2002. It is important that we continue that strategy.

People are rightly anxious about what is happening in Helmand. We have to recognise why, before 2006, there was not a great deal of violence or action in the south of the country. It is because NATO troops, the Americans and we did not go into that area—it was a safe haven for the Taliban. I totally disagree with my hon. Friend when he suggests that somehow our moving into the province has created the problem. I do not think that it has. Our action was about ensuring that we took the fight to the Taliban to secure those areas for the Afghan people, but also to ensure that the Taliban did not have a free haven from which to attack our troops and the Afghan people in Afghanistan and to go over into Pakistan.

I cannot accept the argument that no progress has been made in Helmand. When I first went there in 2006, I flew into Lashkar Gah. Our control in Lashkar Gah extended to the provincial reconstruction team compound and that was it. I went there a few months ago and I also went there last year with the Select Committee on Defence when we went into Lashkar Gah to have lunch with Governor Mangal. The writ of the Afghan Government and our security is growing. On my most recent visit, I went to Garmsir, which was a no-go area only 12 months ago. In many of the villages and towns, commerce is coming back. People genuinely want the peace and security that we all need. There is clearly advancement in relation to school attendance and, for example, the Kajaki dam project, which was mentioned. Has progress been slow? Yes, progress has been slow. Has this been a tragic week, in which we have lost seven people? Yes, it has, but we then have to consider what is actually going on.

I do not accept either what has been said about President Obama's position. He is very clear on what that position is. The person leading the Americans is General McChrystal. The strategy is to ensure that we secure ground and bring in the development and governance behind that, and that is what is happening at the moment. Is it an intense time? Yes, it is. Is the momentum being maintained? Yes, it is. To say at this stage that we should change strategy is not right; I do not agree with that. Clearly, the Americans, with their uplift of 17,000 people, have made a big difference to the footprint.

I also want to dispel the nonsense that somehow Britain is in Afghanistan on its own. We are not; we are working in a coalition with some very brave individuals and other nations, who have lost quite significant numbers. I refer to the Dutch and the Canadians, among others. A few months back, I met the Estonians, who are doing a fantastic job. We must not forget that it is a coalition effort. Sometimes we think that it is just a UK operation; it is not. The hon. Member for Aldershot asked about

the command. The Dutch are the lead at the moment. In terms of the overall footprint, it is definitely a coalition operation. I would hate anyone to go away with the impression that the Americans have arrived and the UK troops are not involved in current operations. They are very much involved in operations, along with the troops from those other nations, ensuring that we can get peace and reconstruction.

Paul Flynn: Can my hon. Friend confirm the reports that the Americans wanted us to contribute more than 2,000 troops to the present surge and we contributed about one third of that? If that is true, is it not a matter of congratulations for the Prime Minister?

Mr. Jones: Again, a lot of nonsense has been talked about that. I have read in the newspapers that the military wanted increased numbers and the Prime Minister denied them that. That is just not the case. Decisions on numbers are an operational matter. We have increased the numbers for the election, and that includes improvised explosive device specialists, who are needed. The fact is that we are doing a good job in Afghanistan, working very closely with our American allies and others. The idea that there has been a great disagreement between the military and the politicians on that is not correct; there has not. The previous Secretary of State and the present one work very closely, as I do, with our senior military, and it is operational reasons that dictate such decisions.

The issue of equipment was raised. We heard not unusual sniping from the hon. Member for Aldershot at the Prime Minister, but my right hon. Friend, when he was Chancellor of the Exchequer, ensured that the urgent operational requirements for equipment were put in place.

Bob Spink: I certainly acknowledge that other NATO countries, particularly in the EU, increased their burden in April this year and I welcome that, but can the Minister confirm whether the British Government's position is now that the burden sharing is well balanced and at an appropriate level, or do they still feel that other NATO countries should take a greater share of the burden?

Mr. Jones: We have always made clear our position that other nations should do more, and they have done more. If we consider the numbers of Canadian troops as a proportion of the total, it is quite high. The most senior Dutch general lost his son in Afghanistan. Estonia is a very small nation, but the Estonians are doing a fantastic job in Afghanistan. We should not underestimate that. It does not help the debate or what we are trying to do in Afghanistan to try to apportion blame.

May I turn to the subject of drugs?

Mr. Howarth: Before the Minister turns to the matter of drugs, may I ask him to respond to my question on helicopters? It goes to the heart of the problem. For the reasons that I gave, we cannot always rely on up-armouring our vehicles. If he could deal with that point, I would be grateful.

Mr. Jones: I shall come to that point in a moment. I want to deal first with drugs.

The impression is being given that no progress has been made on drugs, but Governor Mangal has run an effective narcotics programme in Helmand, working with the coalition force in providing grain for local farmers. Overall, more than half of Afghanistan's provinces are now are poppy-free. We started with six in 2006; there are now 18. The question is whether it will be a long, slow process. It may be, because we must ensure that we bring in alternative lifestyles behind the poppy eradication.

I shall now pander to the hon. Member for Aldershot and his question on helicopters. I have to say that I agree with him about protected vehicles. Even if all our vehicles were highly protected, we still would not get rid of the potential for injury. We are dealing with a dangerous situation and clever opponents are always changing their tactics. That is why our counter-IED teams and others are working hard to look at the different techniques that are used.

Our approach is clear. The Government not only put in the money, but we make a wide range of vehicles available. However, it is for commanders on the ground to decide when they are used, not politicians. The hon. Gentleman is right to say that using a Mastiff vehicle in parts of Helmand province is not on. First, it would not move; it would sink into the sand in certain areas. Secondly, he is right to say that winning hearts and minds cannot be done from inside a vehicle. Our people will be exposed, and it is important to ensure that we get the training tactics and techniques right. The way to win hearts and minds and influence the local people is not to fly everywhere: there is a case for getting out on the ground.

We have increased the operating hours of helicopters by 84 per cent. We have also brought in some capacity, with our coalition partners, for commercial helicopters to do some of the heavy lifting. Again, we should get away from the notion that Britain is out there on its own, using its own helicopters for its own use. It is a coalition approach, and helicopters are being shared—as we learned this week, when a British soldier was tragically killed in a Canadian helicopter. It is all about pooling our resources and using them in the most appropriate way.

As for the next move, the hon. Member for Aldershot will know that when the Merlins come out of Iraq, they will be moved to Afghanistan. When I was there, I had to share helicopters. People were asking whether we have the helicopters that we need. Yes, we have. The next question is whether they could do with more. Someone said, "We will always ask for more." However, for the operations going on at the time we have the helicopters that are needed.

My hon. Friend the Member for Newport, West asked what is the alternative. I see one weakness in that approach. It is the question, "What would you do differently? What other conclusion could be drawn?" It is clear that if we leave Afghanistan, it will become a safe haven, as the hon. Member for North Devon suggested. I pay tribute to the Pakistan army, which is taking the fight to the Taliban in the north of that country and is having great success in bearing down on safe havens for terrorists. The Pakistan army should be congratulated on that and we recognise the sacrifice that they are making. I do not agree that we are at a stalemate position in Helmand. We are at a turning

[Mr. Kevan Jones]

point, given the surge of Americans and our strategy. It is all about keeping the momentum going. Is it going to be tough? Yes it is; no one would say that it is not a difficult situation.

I was asked what the end game is. The end game—we are moving in that direction—is to ensure that the Afghan national army, and the police and the Government, can take over security. I pay tribute to them; they are taking an increasing role, including in the successful operation at Musa Kala. The Kajaki dam convoy was supported by the Afghan national army, and it is taking a clear role in providing security for the Afghan presidential elections later this year. We need to train the Afghan national army to ensure that it can continue in that role.

The hon. Member for Aldershot asked about our exit strategy. It has been clear from the start that it is about ensuring that we put in security, bring in development, and train the Afghan national army and the Afghan police to take over security. We also need to put government structures in place that will lead to the sustainable development that is needed. I do not accept the analogy with the Russians drawn by my hon. Friend the Member for Newport, West. They took a very different approach to occupation. We should not think that the lessons of history can necessarily be used in modern-day Afghanistan or in other situations.

Paul Flynn: My hon. Friend is generous in giving way. He has inadvertently overlooked one point in his reply, but he will be finished in a few moments. Will he give us the evidence behind what he and the Secretary of State for Defence have said today, that there is some link between our presence in Afghanistan and a reduction in the threat of terrorism on British streets?

Mr. Jones: I must agree again with the Liberal Democrats. The hon. Member for North Devon asked what the challenge is. The challenge is clear in terms of 9/11 and 7 July. We cannot allow Afghanistan to become a failed state again, and to be a springboard for terrorism. I should not use this word, but it is a little naive to think that somehow the Taliban are not in any way connected to al-Qaeda, to which they gave safe haven, or to that repressive regime and theology which, if it were allowed to gain a foothold in Afghanistan, would sit there and ignore the rest of the world.

Paul Flynn: Where is Osama bin Laden?

Mr. Jones: My hon. Friend asks about Osama bin Laden. The fact of the matter is that we cannot leave a failed state and its entire infrastructure. The Taliban are not only persecuting the people of Afghanistan but exporting terrorism and ideology around the world. It would be nice if they were peace-loving people, but I do not believe that that they are.

My hon. Friend spoke about reconciliation. That is already happening in Afghanistan. When I was there last year and met Governor Mangal, some members of the provincial council were Taliban but had come over. However, that is a matter for the Afghan Government. The clear position laid down by President Karzai is right: if people want to renounce violence and contribute to the peaceful prosperity and growth of Afghanistan, they will be welcomed—but not if they continue to support the Taliban in their horrendous persecution of the Afghan people or their terrorism. The process has to be Afghan-led and some progress is being made.

Is it a hard task that we ask of our people in Afghanistan? Yes, it is; we are asking them to do a difficult job, but we can be proud of them. The influx of the Americans, the work that is happening in Pakistan and the continued commitment of our British forces will make a difference, and we can be proud of that. I have met our forces, both in Helmand and in Pakistan, and they know that they are making a difference. They are proud of what they are doing. If that means not only bringing prosperity to Afghanistan but ensuring that there is no threat against the UK mainland, it is a cause that is well worth fighting for.

Vaccine Damage Compensation

4 pm

Ian Stewart (Eccles) (Lab): I am pleased to have the opportunity to raise this issue today as chair of the all-party group on vaccine damaged children. I preface my remarks, as I always do, by saying that the all-party group supports a public vaccination programme and the protection of workers in the workplace. We recognise the role that vaccination plays, and has played, in the reduction and eradication of disease, and like everyone, I want protection against disease for my nearest and dearest, and for everybody else's too.

With protection, however, comes responsibility. Society must accept its duty to give financial support to the small number of workers who have a serious, adverse reaction to a vaccination. The vaccine damage payment scheme, which we are discussing today, is administered by the Department for Work and Pensions, but the Department of Health has an input too. The DWP was first in the drawer for this debate, so I went for it first, but I hope to tackle the DOH at the earliest opportunity. The all-party group has established a good working relationship with the DWP, but sadly the same cannot be said of the DOH. Some of my remarks are intended for the latter, but basically I want to consider what financial support is, or could be, offered to workers damaged by vaccines, whether through the payment scheme, industrial injury benefits or, if appropriate, a new 21st century system of assistance.

Today's debate focuses on adults such as those in the medical professions. 1993 DOH guidance required, as a condition of service, that all new employers in "exposure prone procedures" should receive hepatitis vaccines. However, people in other jobs are affected too, and I have listed them in my recent early-day motion 1646, which has attracted 138 signatories from all parties represented in the House. I repeat that the numbers affected are small, but, as with all vaccine victims, the casualties are completely innocent; their lives, and those of their families, have been sadly diminished through no fault of their own. This is a family issue.

Mr. Denis Murphy (Wansbeck) (Lab): I congratulate my hon. Friend on securing this debate and on his many years of excellent work, in this House, in trying to secure justice for individuals such as Mr. Robinson, a constituent of mine, who, six years ago—when he was a fit, young man of 43 years—had to be vaccinated for hepatitis B as part of his work as a forensic scientist. Two days later he was taken ill, and unfortunately several weeks later had to finish work. He is now 60 per cent. disabled. Does my hon. Friend agree that this vaccination has had a very detrimental effect on some people's lives and health, and that they should be compensated?

Ian Stewart: I have met with Mr. Robinson and my hon. Friend, and I wholly accept his remarks. Unfortunately, however, this is not just about one worker. Having said that, we must keep the figures in realistic terms; the number of people affected is relatively small, so, in my view and that of the all-party group, the issues should be easier for the DWP and the DOH to tackle.

One victim wrote:

"The injuries we suffered as a result of the Hepatitis B vaccination are devastating. We have permanent serious health problems, lost our jobs, our careers, independence, ambitions, family life and the joy of life."

That statement was made by a medical doctor suffering from vaccine damage. On 19 May, the all-party group held a meeting with workers who reasonably claimed to have been damaged by hepatitis vaccines. Some were receiving industrial injuries benefits, one was receiving a reduced NHS pension, and another was receiving a medical pension. All have had to fight, over a number of years, for those benefits. A number of MPs, from all parties, who could not attend the meeting, wrote to me about adult constituents who might have been damaged by hepatitis vaccines, and to offer their support to the all-party group.

The vaccine damage payment scheme has been described by Ministers as a scheme to provide assistance—not compensation—for people damaged by routine childhood vaccinations. DWP Ministers have stated that the scheme is designed—I emphasis "designed"—to cover routinely recommended vaccines in the childhood immunisation programme. Nothing in the Vaccine Damage Payments Act 1979 appears to state that the scheme relates only to children. It is my contention, therefore, that it could apply to adults also damaged by vaccines and who meet the criteria laid down in the scheme.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): I apologise for arriving two minutes into my hon. Friend's speech. We all welcome the fantastic job that he has done in this field, but will he comment on the problem of vaccine-damaged children who become adults, but whose families continue to fight on their behalf?

Ian Stewart: My right hon. Friend has a long and esteemed history working in this area and has done far more than me on it and the area of care and health in general. He is of course correct: some of these "children" are now in their 50s and so of similar ages to some in this Chamber. Problems might begin in childhood, but will continue into adulthood, if the individual lives long enough—unfortunately some do not live long lives.

Today, however, we are concentrating wholly on adult workers damaged by hepatitis vaccines. In the majority of cases, people may apply for a payment only before, and up to, the age of 21. Adults can receive a vaccine damage payment for an adverse reaction to polio, rubella, meningitis C or human papilloma virus vaccines, though not for diphtheria, tetanus, pertussis and others, and some vaccines, such as those for hepatitis and influenza, are excluded completely. Applications under the payment scheme often go to appeal, which is adversarial, and for which no legal funding is available to help applicants.

DWP Ministers have always told me that the budget for VDPs is not capped, and I accept that assurance unreservedly. However, I have come to believe that DWP officials do not believe that there is such a thing as vaccine damage. In my view, they think that children and adults might have soreness and some local swelling after vaccination, but no significant or long-term damage as a result. I have no medical background, but I accept the word of the Government's immunisation policy adviser, who said:

"There are side-effects with all vaccines."

[Ian Stewart]

The recognised side-effects are published in the Department's patient information leaflet. Workers tell me that they not only had no pre-vaccination discussion about the contents of the paient information leaflet, but did not even see it. I hope that the Department of Health will address that matter. Consent can be meaningful only if people have all the necessary information.

In the UK, the Department of Health acknowledges that chronic fatigue syndrome, rheumatoid arthritis and multiple sclerosis have been reported under the yellow card system as adverse reactions to hepatitis B vaccines, but points out that the reporting of the adverse reaction does not necessarily mean that it was caused by the drug or vaccine. I should like to put it on the record that I had correspondence and a meeting with NHS Direct, now re-established as NHS Choices, about the deletion of vaccination as a possible contributor to myalgic encephalomyelitis in its online directory after 2006. Up to that time, vaccination was listed as a possible contributory cause. I have been told that although there is no paper trail to say how the deletion came about, it is nevertheless correct as, in its view, there is no link between the hepatitis B vaccination and ME. It is small wonder that workers who are damaged by vaccine are suspicious, and I have to say here that I am suspicious, too. Furthermore, the information leaflet on HBvaxPRO, which was published in 2005, stated that

"serious side effects occur less frequently, and include allergic reactions certain severe types of rash, joint pain, muscle disorders such as Guillain-Barré syndrome and central nervous systems disorders such as multiple sclerosis."

So what happens elsewhere? The US has had a vaccine court since 1989. The system is simple, transparent and relatively quick. The judges are vaccine specialists. It is not a lawyers' paradise, with just one legal representative and one expert allowed on each side. In 2007 and 2008, more than half of the cases that were compensated in the US were those of adults. Some 146 hepatitis vaccine cases out of a total of 578 have been fully compensated since the court was established. Therefore, the US accepts that hepatitis vaccines can cause significant and sustained damage to a small number of people.

The difficult truth is that what we have in place in the UK is not fit for purpose. It is not usual for me to use such new Labour jargon, but, in this case, it is appropriate. The system was designed in 1979 for a specific purpose. It now needs to be redesigned, upgraded or perhaps replaced with something better. The Labour Government improved the vaccine damage payment scheme in 2000 for which I give them full credit. To be frank, I am very proud that our Labour Government did that. Now, we urgently need further improvements. Since 1997, we have introduced significant and wide-ranging social security reforms. We need a fundamental review of how best to help vaccine victims.

As I said earlier, the vaccine damage payment scheme does not include hepatitis vaccines. Yet the all-party group was informed that at least one person whose hepatitis B claim failed was then told that they could appeal. As the vaccine is not part of the scheme, that has to be a waste of everybody's time. So, what other help can the Department for Work and Pensions offer? There is industrial injuries assistance. I asked a number of parliamentary questions regarding industrial injuries claims for people who have had an occupational vaccine and can no longer work. Unfortunately, I was told that the information was not available. I also asked about the position of student doctors and nurses who are not covered by employee benefit schemes as they are classed as being in training. Again, the information was not available.

I have been informed by a voluntary group, which has had contact with about 200 people who believe that they have been damaged by a hepatitis vaccine at work, that only one of its number received industrial injuries benefit without going to a tribunal. Five of its members have received industrial injuries benefit following an appeal. Some appeals are still pending. One trainee doctor and one trainee nurse went through the whole tribunal hearing only to be informed that they were not eligible as they were trainees and not employees. So, the cases are there, but the DWP statistics are not.

The DWP knows that workers have been damaged by vaccines because it is, in some cases, paying them industrial injuries benefits. However, if we do not record what is happening, we do not identify the problems. It would appear that we have a postcode lottery of support, with some areas more likely to grant industrial injury payments than others.

I would have thought that the Health and Safety Executive would be interested in such information, particularly when people are assessed as having a 50 or 60 per cent. disability. It is hardly surprising, therefore, that a constituent of my hon. Friend the Member for Wansbeck told the all-party group that

"the benefit system is a complete mess when it comes to those with a vaccine related illness. There is no consistency in its decisions or its knowledge of people's problems, leaving many to lose confidence in the system that should help them in their need. Where is the duty of care?"

In highlighting the shortcomings of the present system, I hope that we can all work together to meet our duty of care to workers who are vaccine victims. As I said in my early-day motion 1646, I am flexible about what the best solution is. I hope that the Minister will work with his ministerial colleagues, MPs, peers and stakeholders to ensure that reforms are made and that a wrong is put right.

4.18 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): I congratulate my hon. Friend the Member for Eccles (Ian Stewart) on raising this important issue. He has presented his case in his usual way. He is focused, sceptical on behalf of the people for whom he is fighting, relentless and principled. He is exactly the type of union steward that one would want on one's side. Importantly, he is also modest as well. He takes collective pride in the fact that the Government have increased their awards from £40,000 in 1988 to £100,000 now. However, we know that much of that increase was down to his hard work. We pay tribute to him for that. It has changed lives. That is what all who come into this place hope to achieve on behalf of our constituents and others in our country. He has done it, and we are very proud of him.

I acknowledge my hon. Friend's constructive chairmanship of the all-party group on vaccine damaged people and I am pleased to hear that there is a good working relationship with the Department for Work

and Pensions. I am committed to maintaining and improving that relationship, and I can assure him that the Department will work closely with health officials on the vaccine damage payments scheme and to deal with issues that have arisen in this debate, including those raised by my hon. Friend the Member for Wansbeck (Mr. Murphy) and my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke), who also has a distinguished record of working with disabled people.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I, too, congratulate my hon. Friend the Member for Eccles (Ian Stewart) on securing this debate. Far be it from me to steal his thunder, but the Minister said that he would endeavour to work closely with Ministers in the Department of Health. On a previous occasion, my hon. Friend met two Secretaries of State to push the case for advances on payments for vaccine damaged children. If there were a request for a meeting with the Minister and someone from the Department of Health, would he accede to it?

Jonathan Shaw: Of course, I would gladly accede to such a request. Our hon. Friend the Member for Lincoln (Gillian Merron) now has policy responsibility as Minister of State, Department of Health, and colleagues who know her will know that one of her qualities is that she engages with colleagues from across the House, which is her responsibility. She and I will gladly see a delegation to discuss this important matter.

I realise that my right hon. and hon. Friends are familiar with the vaccine damage payments scheme and its operations, but for the record and to inform the debate, it would be helpful briefly to outline its background and explain how it works in practice. I am pleased that my hon. Friend the Member for Eccles categorically stated that he and the all-party group support a public vaccine programme. Immunisation with vaccines is a vital way of protecting individuals and the community from serious diseases. It is an important part of our public health policy and it continues to have a tremendous positive impact on the health of our population.

Vaccinations are safer now than they have ever been, but I recognise that on rare occasions, vaccines can cause severe disability, which can put individuals and their families under considerable strain—my hon. Friends the Members for Eccles and for Wansbeck were right to describe those human tragedies in the House. That is one of the main reasons why the Government established the vaccine damage payments scheme at a time, which is thankfully in the past, when there were valid concerns about child vaccines. We believed that the measure of financial help provided by the scheme would help to ease the present and future burdens of those who are severely disabled as a result of vaccine damage.

The scheme, which as my hon. Friend the Member for Eccles rightly said was introduced by a Labour Government in 1979, provides a tax-free, lump-sum payment of £120,000 for those who are severely disabled as a result of a vaccination against the diseases listed in the Vaccine Damage Payments Act 1979. It also acknowledges that people who are severely disabled early in life have less opportunity to save and earn.

However, it is important to note that the vaccine damage payments scheme is not intended to address all the financial implications of disablement for those affected by vaccines; it is only one part of a wide range of support and help available to severely disabled people in the UK. For example, the disability living allowance provides an important non-contributory, non-means tested and tax-free cash contribution towards the extra disability-related costs incurred by severely disabled people.

On the side effects of vaccination and hepatitis B, my hon. Friend perceives that the Department of Health does not recognise that vaccines can cause damage. That is not the case. I hope that Ministers from the DWP and the Department of Health can assure my hon. Friend the Member for Dumfries and Galloway (Mr. Brown) of that at the meeting he requested.

Ian Stewart: Although we expected to get some answers today—hopefully we will get some—the Minister cannot possibly answer everything we have put to him. Therefore, this short debate is the stepping stone towards other debates and meetings in pursuit of our constituents' interests.

Jonathan Shaw: I am aware, as my hon. Friend said, that the debate is part of a process. As I said in my opening remarks, he is focused, principled and relentless, so this will not be the last time that we discuss this matter. I welcome debate and discussion on this important issue.

I reiterate that the Department of Health takes great pains to ensure that its vaccination information material stresses that no vaccine is 100 per cent. safe. Because the Department of Health recognises the risks, it continues to work closely with the DWP on the vaccine damage payments scheme.

Hepatitis B vaccine is widely considered to be safe. There are known side effects, but the majority are mild, transient and uncommon. With common medical conditions, it is inevitable that some people develop symptoms after they receive a vaccine. It is completely understandable how conditions occurring shortly after vaccination can be attributed to vaccination, but the onset of symptoms after vaccination does not necessarily mean that the vaccine was responsible. Those claims have been extensively evaluated, and there is currently no good scientific evidence that hepatitis B vaccines cause long-term illnesses such as MS, rheumatoid arthritis and chronic fatigue syndrome. That position is supported by the World Health Organisation and the Centre for Disease Control and Prevention in the United States.

It is also important to reiterate that the report of a suspected adverse reaction to the hepatitis B vaccine through the yellow card scheme and its consequent inclusion in the list does not necessarily mean that a reaction was caused by the vaccine. MS was included as a possible side effect in product information, with the proviso that no causal link had been established, long before the studies found that there was no link. The only potentially serious adverse reaction attributable to the hepatitis B vaccine is anaphylaxis. Such severe allergic reactions, which can result in death, are believed to occur about once in 1.1 million doses. It may also be helpful to point out that the US vaccine injury system listed that serious adverse reaction as an adverse event to hepatitis B in its vaccine injury table.

I shall now consider the suitability of including the hepatitis B vaccine in the current vaccine damage payments scheme. It is important at the beginning to understand

[Jonathan Shaw]

the background and rationale of the scheme. The scheme has always covered the diseases that are vaccinated against as part of the Department of Health's routine childhood immunisation programme. Such an approach underlines the intention of successive Governments for the scheme to help those children who are—extremely rarely but regretfully—severely disabled as a result of vaccinations aimed at preserving the health and safety of the wider community.

Changes to the childhood immunisation programme are made on the recommendation of the Joint Committee on Vaccination and Immunisation. As my hon. Friend indicated, in some cases, as with vaccinations against polio, rubella, meningitis C and HPV, the scheme also covers those vaccinated up to and sometimes over 18 years of age.

Ian Stewart: I am sorry to take up the Minister's time, but he is clearly going to be unable to answer all the points that have been raised in the debate. Will he write to me to cover all the points that he has been unable to cover in this short time?

Jonathan Shaw: I am not going to be able to say everything that I wanted to say, and I will certainly write to my hon. Friend with those details.

John Pitman

4.30 pm

Dr. Andrew Murrison (Westbury) (Con): It is a pleasure to serve under your chairmanship, Mr. Chope. I am grateful to have the opportunity to debate the effectiveness of management systems at the Foreign and Commonwealth Office.

My interest in the matter was provoked by the unfortunate case of my constituent, Mr. John Pitman of Trowbridge. I will use his appalling experience to illustrate what I believe to be a wider malaise within the FCO, an organisation that has a formidable reputation for diplomacy but clearly regards management, particularly of its human resources, as being somewhat below the salt.

Mr. Pitman, a former employee of the Foreign Office, has had a long battle to rectify a number of management failings that affected him during his service. The Minister will be aware that I have had an extensive correspondence on behalf of my constituent since 2001, but residual issues and concerns remain that warrant attention and suggest that HR management within the Foreign Office is not done well.

Mr. Pitman, who has spent his life in Her Majesty's service in the Royal Marines and the FCO, was made redundant from his work as a Foreign Office security officer in 1996. He was re-engaged on a temporary contract between 1998 and 2000 to fill the position in Moscow from which he had been made redundant. At a function in 2000, Mr. Pitman met a senior figure, a non-UK national, in a security company that provided services to the FCO. Potential employment opportunities for my constituent were discussed in the course of the encounter, and a subsequent meeting was held. My constituent became uneasy at the gentleman's line of questioning and the information that he apparently held and duly reported the encounter officially, as he was bound to do.

In July 2000, after he had left his posting, Mr. Pitman was told by his line manager that he had contravened the terms of his employment, citing the testimony of an unnamed witness who my constituent believes was the gentleman he had met from the security firm. My constituent tells me that his line manager and the security firm official both questioned his integrity, and cites a written report from the latter to the former stating that Mr. Pitman was a security risk and that they should not trust him. My constituent's line manager reported that opinion to the Foreign and Commonwealth Office.

The upshot of those unsubstantiated allegations from a foreign, unvetted civilian contractor and a junior FCO manager apparently in close contact with the former was the summary removal of my constituent's security clearance, with no form of investigation and no audit trail worth the name. Mr. Pitman was neither given the opportunity to comment nor informed of the removal of what was effectively his licence to practise, both directly for the FCO and for a range of private operators in the security field. In blissful ignorance, he continued applying for employment within the FCO. Unsurprisingly, given his unwitting lack of security clearance, no work was forthcoming. However, Mr. Pitman was aware that there were plenty of appropriate security opportunities in the FCO, as officers were being brought

out of retirement to fill vacancies. Still, nobody told him that his security clearance had been revoked.

Eventually, Mr. Pitman, his lawyer and I fetched up in the office of Mrs. Tessa Redmayne, a senior person in the FCO's human resources department. We asked why my constituent was being passed over for work that he knew was plentiful. In the course of that extraordinary meeting, it became apparent that the problem was that Mr. Pitman's security clearance had not been renewed, and that there was no intention to renew it. I expressed surprise, knowing full well from my own service career what a big deal failure to renew security clearance represents and the proper steps that must be taken in connection with it. It is not something to be done on the say-so of a junior official, on the back of hearsay from a foreign national, without any form of investigation.

It seems that, as his contract came to an end, Mr. Pitman was simply not made aware of the security clearance issue. Instead, his clearance was withdrawn without his knowledge. He was told subsequently that the clearance had expired along with his contract, which was simply not true. Only after becoming aware, via a freedom of information request, that his security clearance had been removed was he able to discover, among the heavily weeded and redacted documents made available, the underpinning allegations made against him.

The consequences for my constituent have been profound. He has suffered a substantial loss of earnings in the nearly three years between the loss of his security clearance and its reinstatement. He was unable to secure employment without clearance and now finds that he cannot get clearance without an offer of employment. His strong suspicion is that Foreign Office management are using that to deny him work. Furthermore, his reputation has been traduced and his chances of employment in the tightly knit public and private security world are greatly diminished. It has all taken a heavy toll, as the Minister can imagine.

My constituent received a vague apology for management shortcomings from one of the Minister's predecessors, and the head of personnel security at the Foreign Office gave an unreserved apology after my intervention in 2004. Mr. Pitman's security clearance was reinstated to allow him two short-term contracts, which rather vindicates him. However, he believes, and I find it entirely credible, that he has been blacklisted as a troublemaker, which has meant that further work has dried up. He is now told that he cannot have work because his security clearance needs updating. When he asks for his security clearance to be updated, he is refused because he has no offer of work and getting security clearance costs money. It is a complete runaround that encourages my constituent in the belief that he is being deliberately excluded from available work for which he is eminently qualified.

A sum was paid to Mr. Pitman to cover some of the earnings lost to the wrongful withdrawal of his security clearance, but it has not compensated him for the loss of his residual career, his earnings, his pension and, crucially, his sense of well-being and worth. A loyal and hard-working public servant has been badly let down by shoddy, shameful and frankly chaotic middle management in the FCO.

My constituent's case touches on issues of wider public interest, on a number of which I have kept up a correspondence with Ministers. Mr. Pitman remains concerned that the Foreign and Commonwealth Office is completely incapable of controlling its costs, citing by way of example its failure to undertake full comparative costings for the employment of security firm contractors.

When Mr. Pitman completed his contract as an overseas security manager in Kabul in July 2005, he was replaced by an individual from one such security company. In July 2006, my constituent applied to work for the individual who had replaced him in Kabul, who was now working on his own account as a contractor to the FCO. Mr. Pitman was told that the post offered £400 a day, tax-free. That equates to £146,000 a year, a significant multiple of the cost of my constituent's direct employment even before the contractor takes his slice. One does not have to be a cost-management accountant to appreciate that that is unlikely to offer good value for money for hard-pressed taxpayers.

The Foreign and Commonwealth Office has a public service agreement to improve its value for money. The comprehensive spending review commits the Department to achieving 2.5 per cent. efficiency savings year on year over the review period. Yet we find the FCO in the dock for squandering millions of pounds of taxpayers' money, with lurid headlines last month that highlighted diplomatic excess.

We in this place must show a little humility when discussing excess, given our recent history. However, I hope that the Minister is able to comment on reports that officials are able to book business or first-class transport but to travel economy and use the balance for their private travel and that of their families. An insider said:

"This is a multi-million pound rip-off and the loophole should be closed immediately... Management at the Foreign Office are very weak and terrified of upsetting the diplomats so they give them whatever they want, which is huge amounts of public money."

All hon. Members are now unhappy experts in loopholes, highly permissive rule books and management who are not sufficiently empowered. I hope that the Minister is taking a look at all those matters in his Department in the light of the Commons' fall from grace and the dawning of the new age of austerity.

Another insider said:

"There is complete apathy about this reckless spending, while a silent minority within the FCO rage and fume about this gross extravagance."

I strongly suspect that that is just the tip of the iceberg. That is certainly the belief of my constituent, who can be counted among the instinctively silent minority, but who has been provoked by the extraordinarily poor way in which he has been handled.

We are indebted to people, such as the insider quoted in the press recently and my constituent, who from time to time raise examples of apparent excess in organisations of which they have experience. It is often such grass-roots experiences being brought to MPs as Mr. Pitman's case has been brought to me that shine light on areas where previously there had been darkness. We in this place have suffered because of such issues in recent weeks and it behoves those in the rest of the public sector to look at their practices to see how things could be improved. It would be naive to suppose that problems of wastefulness are confined to the Palace of Westminster. From recent press reports, it appears that the FCO is a prime candidate for a little light to be shone on darkness.

[Dr. Andrew Murrison]

The Government's propensity for hiring expensive consultants to tell them what they should be capable of determining for themselves led them to commission Collinson Grant Ltd to produce a report in two phases in 2004 and 2005. The second is by far the most interesting. Its somewhat provocative title, "Efficiency, effectiveness and the control of costs in the Foreign and Commonwealth Office", holds much promise. However, that report rowed back considerably on the savings identified by the initial findings, which is disappointing. It concluded that, managerially, the FCO is too deep and too narrow. According to Collinson Grant, that fosters organisational torpor; insufficient delegation; poor accountability; middle managers obsessed with the monitoring, review and repetition of the work of juniors to justify their existence; senior officials conducting themselves as desk officers; and an overall lack of understanding of how to manage a team.

Of direct relevance to my constituent's case, Collinson Grant found that the finance and human resources departments saw themselves as providing advice, rather than mandating adherence to good practice. Furthermore, the short tenure in key positions, such as those within the finance and human resources departments, combined with a lack of professional experience in those specialist disciplines, was found to limit effectiveness.

Collinson Grant concluded that although the entire organisation needed to be challenged and reformed, its leadership lacked the skills and the will to challenge the status quo. The report makes for deeply depressing reading. Four years on, I and my constituent are left with no sense that matters have improved significantly.

I am sure that the Minister will pray in aid the formation of FCO Services, an Executive agency of the Foreign and Commonwealth Office that was created following the Lyons and Gershon reviews. It holds some prospect of an improvement in infrastructure, facilities management, security and training—the unglamorous nuts and bolts of the FCO that are apparently spurned by the organisation's mainstream to the detriment of people such as Mr. Pitman.

I seek three things from the Minister. The first is a comprehensive re-examination of the way in which my constituent has been handled and the Minister's guarantee that he will be considered fairly for the overseas security work that we know exists, without being given the runaround as he has been or any more spurious pretexts being deployed to keep him out. Secondly, what is the Minister's plan to resolve the ongoing management inadequacies within his Department highlighted by the Collinson Grant report, which has apparently been left to gather dust, as the case of Mr. Pitman so graphically illustrates? Finally, I would like an account of what will be done to get a grip on the Foreign Office wastefulness that was identified recently by the media and to which my constituent bears witness.

4.46 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Chris Bryant): It is a delight to serve under your chairmanship, Mr. Chope, because I have never done so before. I have sat on many Committees with you, in which we have taken a different view on almost every issue. Perhaps your Whips and mine took a particular delight in putting us on the same Committees. However, I know that you have to be impartial this afternoon, so it is a great joy to serve under your chairmanship and I might tease you a little later.

The hon. Member for Westbury (Dr. Murrison) raises some serious matters. His first concerns relate to his constituent. I spoke to the hon. Gentleman earlier on the telephone and know that he has a large amount of correspondence on this case. He will understand that the Foreign and Commonwealth Office has a similarly large amount of correspondence.

I want to make it clear from the outset that the Foreign and Commonwealth Office apologises fully and unreservedly. If the hon. Gentleman thinks that there have been any reservations in the way in which the apology has been proffered so far, I hope that he will accept that there is no reservation in the apology I offer now for the way in which his constituent was dealt with. We accept fully that there were failings in the way we went about this matter, which is why we provided compensation. I hope that Mr. Pitman understands that the Foreign and Commonwealth Office takes its management responsibilities seriously and takes responsibility for any failings there have been.

If I may, I will correct a few things that the hon. Gentleman said. First, he referred to the summary removal of Mr. Pitman's security clearance. The truth is that nobody removed his security clearance, because that does not happen, except in exceptional cases. Mr. Pitman's security clearance lapsed when he finished his tour. That might seem to be a nit-picking distinction, but it is an important one. The allegation is really of incompetence, because we allowed the security clearance to lapse, rather than there being a process of removal.

The hon. Gentleman outlined his firm view that Mr. Pitman is not currently able to apply for jobs and secure employment without security clearance. That is the standard procedure that applies to absolutely everybody. If everyone who applied for a job were to have security clearance before they were appointed, that would involve the FCO and many other agencies in vast expenditure to an unnecessary degree.

Dr. Murrison: Is the Minister aware that people with lapsed security clearance are being brought out of retirement, and that security clearance is then given to them following the necessary checks? It is not the case that jobs are not offered to individuals in the absence of security clearance. That rather confounds what he has just said.

Chris Bryant: The hon. Gentleman is absolutely right, and I was going to make that point. Once someone has applied for and secured a job, we take them through the security clearance process, and that is when Mr. Pitman would go through the process. I assure the hon. Gentleman that there is no bar to someone securing a job because they do not yet have security clearance. Clearly, some of the people who apply for jobs already have security clearance, which continues for six months after a tour. That was the problem in Mr. Pitman's case—his was allowed to lapse.

I can assure the hon. Gentleman absolutely, and I can assure Mr. Pitman that he is free to apply for jobs, and that whether or not he has security clearance at the

moment is not a material matter that would affect whether he can or cannot be employed—or whether an application by him would be successful. That was outlined to the hon. Gentleman in a letter of late last year from one of my predecessors, in which the FCO made it clear that it would be perfectly possible for Mr. Pitman to apply. Indeed, it also gave details of how he could do so.

The hon. Gentleman has said that the whole process, at the beginning of this century, took a heavy toll on Mr. Pitman. We fully understand that, which is why I have made a full and unconditional apology. The hon. Gentleman said that Mr. Pitman's reputation has been traduced, but I assure him that in the eyes of the FCO, Mr. Pitman's reputation has not been tarnished in any sense at all. The hon. Gentleman suggested, rather dismissively, that there had been some sort of apology from my predecessor, but I am sure that she thought she had given a full and unreserved apology. In whatever sense that did not seem sufficient, I hope that I have met what the hon. Gentleman requested this afternoon. The original letter offering a full and unreserved apology was sent on 19 May 2004.

It might be helpful if I discuss compensation, because that is an important matter, which was debated considerably from 2004 onwards. On 8 September 2006, a letter from Andrew Noble to Mr. Pitman offered compensation of £50,593.15. That was followed up with a reminder to Mr. Pitman of the offer, giving a deadline by which it had to be accepted—22 February 2007. An FCO Minister wrote to the hon. Gentleman on 28 February 2007 to say that the deadline was being extended to 15 March, and on 18 April, the hon. Gentleman wrote to the FCO on behalf of Mr. Pitman to say that the compensation offer had been accepted. I must offer another apology, because there was then a mistake in the way in which the money was paid into Mr. Pitman's account in July, for which my predecessor but two apologised fully. The hon. Gentleman then wrote in October to say that he did not believe that the compensation was a full and final settlement, despite the fact that his letter of 18 April confirmed that the compensation was a full and final settlement. I am afraid that, in terms of compensation, we believe this matter to be closed.

Dr. Murrison: The Minister is incorrect to suggest that either Mr. Pitman or I wrote to the FCO to say that the settlement that was offered by the FCO was considered by us to be full and final. I hope that my second letter clarified that point beyond any fear of peradventure.

Chris Bryant: I am sorry, but the letter of 18 April accepted the compensation offer on behalf of Mr. Pitman, and the payment was made on that basis. As far as the FCO is concerned, that draws a line under the issue of compensation. I am afraid that I am unable to offer the hon. Gentleman any further help on that.

The hon. Gentleman then discussed a series of issues relating to what he called lurid headlines in the press, but I think he meant lurid headlines in the *Daily Mail*; often, when people talk about lurid headlines in the press, those headlines are in the *Daily Mail*. I think he was referring to the matter that he raised, of whether foreign diplomats are able to claim the cost of business flights and keep the extra money if they do not travel business class. I assure him that that is completely and utterly not the case. There is a travel package, which is provided to all foreign diplomats. We have to understand that many of the people who work on behalf of the FCO do so in far-flung places, and that family arrangements are much more difficult now than they were 40 years ago when female diplomats had to resign from the Foreign Office when they married. The expectation then was that there would be a man and his wife. Today, our staff are just as likely to be women as men, and a couple may work in two different places. We believe that in the modern working environment it is important to offer staff a sensible, but not disproportionate, package.

The travel package that we provide is an allowance for staff to use for travel on substantive postings overseas—in other words, not just temporary ones. The funds cover the cost of transfer to and from a posting and, on top of that, an annual leave journey to the UK in postings of two years or more. The package gives staff flexibility in how and when they travel during a posting within the ceiling that is fixed by the cost of their official travel entitlements on approved routes and carriers. The maximum that they may spend on travel is therefore the precise amount that the Department would have had to pay to get them to post and back and to bring them home once a year, as happened when flights were booked centrally before the scheme was introduced. There is no amount of money that suddenly goes into a diplomat's pocket simply because they have not travelled in a particular class. There are fixed routes, but people are allowed to change the route as long as they stay within the amount of money that we have already ascertained would be the best value for them. It is important that we have flexibility, and that system is not disproportionate to what other people would do in other areas of work for which they are required to work away from their home for a substantial period.

At the beginning of his speech, the hon. Gentleman said, again dismissively, that management in the FCO was an idea that was rather below the salt. That was a rather de haut en bas comment, suggesting that the FCO has a rather de haut en bas attitude. It may be that in the 1960s and 1970s, despite the considerable effectiveness that the Foreign Office has always had, for which it is renowned around the world, some of our management practices were lax. We have been keen to ensure that we constantly learn how we can improve our management practices. He is right that there are times when individual cases shine light on particular problems that may be endemic across an organisation, but in the brief time in which I have worked at the FCO, it has been my experience that management takes very seriously issues such as how best to manage people to develop change so that we can be the most effective organisation possible, and the most cost-effective organisation possible, and that Ministers are keen to drive those issues forward.

I am grateful to the hon. Gentleman for his debate. Some of his comments have been well placed, and I hope that I have been able to reassure him on the issue of whether Mr. Pitman is able to apply for jobs and on the issue of security clearance. I hope, too, that I have reassured him regarding the full and unreserved apology that we have already expressed.

5 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Thursday 9 July 2009

[MR. JOE BENTON *in the Chair*]

Global Security (Iran)

[Relevant documents: Fifth Report from the Foreign Affairs Committee Session 2007-08 HC 142 and the Government's response Cm 7361.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Lyn Brown.)*

2.30 pm

Mike Gapes (Ilford, South) (Lab/Co-op): I am pleased to introduce this debate on the Foreign Affairs Committee report, "Global Security: Iran", which was published in February 2008, and the Government's response, which was published in May 2008. Although those documents were published some time ago, many of our conclusions are unfortunately still pertinent. This is a good opportunity for the House to have a three-hour debate on Iran. There was a debate on human rights yesterday, but I hope to go beyond human rights and to discuss the more complex issues of Iran's role in the world and its relationships with its neighbours.

I will begin by drawing out one of the most important conclusions of the Select Committee report:

"We conclude that Iran is a complex and diverse society at present governed by a theocratic regime. Iran's quasi-democratic political system is not fully closed and may lead to reform that will result in a more constructive approach on the nuclear issue. We recommend that the Government should be careful to avoid action that could be manipulated by the hardliners such as President Ahmadinejad to bolster their position against the more pragmatic and reformist elements ahead of his campaign for re-election in 2009."

The Government's response stated:

"The Government believes that Iran's internal political debates are for the Iranian people themselves to resolve."

It is quite clear that the election of 12 June was rigged. Despite huge support for the Opposition candidates, the incumbent, President Ahmadinejad, was apparently re-elected with 63 per cent. of the votes and with more than 100 per cent. of the votes cast in some districts.

The election was followed by massive protests. Three weeks ago, *The Economist* stated:

"In the three decades since the Islamic Republic was founded, Iran has not been rocked like this. Tehran is engulfed in huge marches every day. Women in chadors, bus conductors, shopkeepers and even turbanned clerics have joined the joyous show of people power. Nationwide strikes are planned."

Since then there has been massive, systematic, organised repression of the protestors. Thousands of people have disappeared or been arrested. It has been admitted that more than 200 people have been killed. There were scenes on the internet of a young woman being killed in the street. There are attacks on universities, raids on people's homes and knocks on doors in the night. The systematic, organised intimidation of the Opposition is such that anybody who speaks out is extremely courageous. Yet there are still people speaking out. People are using different ways to protest.

The regime has clearly decided that it will hold on to power at all costs. Robert Tait wrote in *The Guardian*:

"Legitimate election wins are generally not accompanied by mass arrests of opposition members, the blocking of mobile phone networks and a multitude of news websites, or the forced closure of other candidates' headquarters, to name but three highly irregular developments that have all the hallmarks of a coup d'état."

Iranian Opposition figures, some clerics, other people in Iran and people internationally are saying that a form of military coup d'état is happening in that complex country against elements within the clerical regime.

It is reported today that the Supreme Leader, Ayatollah Ali Khamenei, has allowed his second son, Mojtaba, to take control of the Basij militia. He apparently has access to billions of dollars in other countries and it is rumoured that he is being groomed to take over and form a dynastic leadership in the future. We do not know whether that will happen, but there is a clear power struggle between the security, intelligence, military and clerical elements of the regime. We do not know what the outcome will be. The millions of Iranians who voted for change and have gone on to the streets to protest for change are not participants in the internal power struggle in the theocratic regime.

The Select Committee went on a fascinating visit to Iran. I am glad that other Select Committee members are present. They will no doubt add to what I say in their contributions. I was struck by how young and dynamic that society is. I was also struck by people's willingness and desire to talk to us. Young women outside the main mosque in Isfahan and traders in the bazaar in Tehran came up to us and wanted to engage with us openly. A man in the bazaar told us, "This Government are corrupt, incompetent and useless. We don't get any tourists or trade any more. It is really good that you are here." Our minder from the Iranian Foreign Ministry was standing next to us, but the trader did not care. He wanted to engage with us for 40 minutes and to tell us about his problems and how he wanted to have better relations with the rest of the world.

The Iranian regime is holding down a bubbling ferment of ideas and a wish to engage with the rest of the world. Iran is one of the oldest civilisations, with 3,000 years of history. Iranians of all kinds are proud of their history and culture. They wish to share it and to engage with other countries. However, while they are run by a holocaust-denying extremist and a regime that sponsors terrorism in other countries and is in breach of its obligations under the nuclear non-proliferation treaty, the people of Iran will not be able to engage fully with the rest of the world in the way that they wish.

Lembit Öpik (Montgomeryshire) (LD): I congratulate the Select Committee Chairman on his observations so far. Does he agree that Iran is in breach of the UN convention on human rights, of which it is a signatory? Yesterday, we had a good debate on the plight of Baha'is and others who have sadly been persecuted in Iran, particularly in recent months. Does he agree that such desperate persecution contradicts the spirit and character of the Iranian people?

Mike Gapes: Yes, I do agree, but I also think that we need to be careful. The situation that the hon. Gentleman has described is appalling. Iran executes more people

[Mike Gapes]

per head of population than any other country in the world, and carries out more executions than any country except China. People are still stoned to death and there is a criminal code that is used in a most brutal and repressive way—that was discussed in yesterday's debate, so I shall not go into it now. The regime has tried to portray the problems that it is now confronting as having somehow been created by international forces or by people internally who are in league with international forces. Ayatollah Khamenei has been quoted as saying:

"The diplomats who have talked to us with courtesy up to now have in the past few days taken the masks away from their faces and are showing their true image".

He has referred to western countries as "hungry wolves" and said:

"They are showing their true enmity towards the Iranian Islamic state and the most evil of them is the British government."

Britain's relations with Iran have a long history, and some have been quite difficult. Anyone who watched BBC4 over the weekend may have seen its four hours of programmes about Iran, which included some interesting stories about what was happening there in 1909, about the role of British oil companies and about the British Government's encouragement and support for the coup against the democratically elected Mosaddeq Government in the 1950s. But none of that excuses the systematic harassment of people who work for the British Government in Iran, or the arrests of nine locally employed Iranian members of the British embassy staff. None of it justifies the expulsion of two British diplomats, or the expulsion of the BBC correspondent in Iran.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): We know some of the Iranian nationals who have worked for the British embassy in Tehran because they looked after us so well on our visit. That highlights the responsibility that the British Government have not just to their own nationals but to foreign nationals who work for us. Does my hon. Friend agree?

Mike Gapes: I absolutely agree; we were very well looked after, not just by our diplomats but by the Iranians who worked in the British embassy. They worked tirelessly to make our visit in November 2007 such a success.

The one person who is still detained, and who has apparently been threatened with being put on trial for acting against national security, is a 44-year-old Iranian who is the British embassy's chief political analyst. His name has been in the public domain, so I shall use it—Hossein Rassam. We know him because he looked after us and went with us to Isfahan on a six-hour journey, during which we discussed Iranian culture, history and cookery. That was an absolutely fascinating journey—sitting with him in that vehicle and learning about his country and its culture. That man is potentially going to be put on trial by the regime, and it is an absolute outrage that any country anywhere in the world persecutes, harasses and imprisons people who work for our Government. It is a basic and fundamental right that people who work in foreign embassies should be allowed to do so without being persecuted or harassed. I call on the Iranian politicians whom we met—our equivalents in the Iranian Majlis—to do what they can to persuade whoever in the regime is holding that man to release him and to stop the harassment of people who work for our embassy in Iran.

I have discussed how the regime has been behaving, but let me discuss these issues more widely. The regime has been systematically trying to prevent the truth from coming out, but has found that rather difficult. In the age of the mobile phone and Twitter, people take photographs and send them around the world, and can describe very quickly to websites all over the world what is happening within Iran. The regime has tried to stop broadcasts and to intimidate the people who are engaged in those activities, but it has not been successful. Since January of this year, the BBC Persian television service has been an important voice for the Iranian people. I pay tribute to the people who work for that service, and to the people who work in other broadcast media, in difficult circumstances, for what they do.

I understand that following the election in Iran, from polling day onwards, the BBC television service, other BBC services and other broadcasters on the so-called HOT BIRD 6 satellite have been subject to deliberate interference. BBC Arabic television and various language services have also experienced transmission problems, including being taken off the air at certain times. There has been a deliberate attempt to prevent people who listen in Farsi or Arabic from getting the truth about what is going on in their country. The regime has tried to narrow the focus and to prevent news reports about what is really happening. I am pleased that the BBC has done what it can to counteract that, including extending the hours of its news programmes and radio broadcasts. It is clear that audiences in Iran—the Iranian people who are able to watch or listen to those BBC programmes and broadcasts—have been very positive about them.

Although BBC Persian's online services have been partially blocked since 2006, its website, BBCPersian.com, has had a huge growth in usage since the events of recent weeks. Compared to traffic in May, the number of daily page impressions has increased sevenfold to more than 3.6 million, and the number of visitors to the website has gone up fourfold. That is an indication of the interest not only in Iran, but in other parts of the world, and is clearly very important.

The Iranian Government have expelled the BBC correspondent, Jon Leyne, and have prevented his temporary replacement, Jeremy Bowen, from moving around the streets freely. That is an indication that they do not wish BBC broadcasters to know what is going on in their country or to meet independent voices, opposition figures or protestors to get the truth of what is happening. It is vital that we in this country ask why on earth, if the Iranian Government can have their propaganda organ Press TV broadcasting their propaganda in London and paying some people from this country, who should perhaps know better, to go on it, the Iranians do not allow unfettered broadcasting by the BBC and other British broadcasters in their country.

The Iranian leadership has also been targeting Britain for another reason. They seem to think that it is not wise politics, at this time, overtly to antagonise the United States of America. Since the election of President Obama, there has been a change in rhetoric from Washington and the possibility of an open hand being extended to Iran, rather than what was seen before as a closed fist.

I think the Iranians have decided that it is easier to vilify and traduce what they regard as the little Satan than to attack what they have called the big Satan.

However, I am pleased that, so far, there has not been a lack of support internationally for the British Government's robust response. President Sarkozy of France has expressed full solidarity with the British Government over these recent difficulties and the European Union, led by Foreign Minister Carl Bildt on behalf of the Swedish presidency, has made some strong statements. I am very pleased that so far the European Union is working together in harmony on these matters. I would be grateful if the Minister updated us on the discussions that have taken place in the past few days, and on the EU's preparedness to take action collectively if the Iranians decide to escalate the situation and up the ante by removing diplomatic status from people in Iran, or if they decide to put people on trial.

Mr. John Horam (Orpington) (Con): The hon. Gentleman is making an important point and a very good speech. I would also like to hear what the Minister has to say about the matter he has just raised, because we need a more unified approach in Europe than we appear to have so far. I have noticed that the Germans and Italians are not quite as strong in their condemnation as the French, to whom we should give credit. If we are to have an effect on the Iranian regime, we need a united European approach to what we say and the sanctions we operate.

Mike Gapes: I think the Minister has heard the hon. Gentleman's point.

Before I move on to one or two other matters, I would like to raise the question of how we get out of the current situation. It seems that calls for a recount of the election—although those have now been rejected—were, in any case, mistaken. The regime has clearly shown that it does not in any way wish to give up power, and what was regarded as a velvet coup by Ahmadinejad when he won in 2005 has become a violent and repressive coup to retain power. That raises questions about how the rest of the world should respond. The issue is difficult because we do not hold many levers against the Iranian regime directly; however, we do have some and we need to think about those.

There is, of course, the issue of information and the role of the BBC and others, but we also have to think about economic relations and trade, which relates to the remarks of the hon. Member for Orpington (Mr. Horam). Clearly, the Iranian regime is facing a crisis concerning the lack of economic modernisation and the growing population of young people. Iran desperately needs foreign investment to enable it to modernise its infrastructure, particularly its oil and gas industries. However, it also needs foreign technology if it is to develop in the way to which it aspires.

Effective, targeted sanctions such as those already in place from the European Union, the United States and others have already had an impact on the Iranian economy. However, in terms of international action, we also need to look at what goes on in places such as the Emirates in Dubai, where the Iranians have a very successful smuggling operation and pursue activities to bypass the international sanctions regime.

Andrew Mackinlay (Thurrock) (Lab): I have tried to restrain myself on that issue, but I must point out that although the Chairman of the Committee, my hon. Friend the Member for Ilford, South (Mike Gapes), is correct to criticise other countries, the money laundering capital for the Iranian regime has been London. That has taken place with the full knowledge and consent of the United Kingdom regulatory authorities. That is the great criticism we should make. Her Majesty's Government have not denied that it is happening. I raised the issue in an Adjournment debate and the Government said that they have since altered the ground rules. However, the truth is that the purchasing of technologies by the regime, particularly in north America, has been done through London, under our very noses.

Mike Gapes: I have some sympathy with my hon. Friend. In fact, on finances, an article about Mojtaba Khamenei's international rule states:

> "There are claims on Iranian dissident websites that the current anti-British campaign in Tehran is motivated in part by Britain's announcement on 18 June that it had frozen nearly £1bn in Iranian assets, in accordance with UN and EU sanctions. The frozen funds included a lot of Mojtaba's money, it is claimed."

Perhaps there is some connection between that and the rhetoric that we saw the same day, or a day later, from Mojtaba Khamenei's father and the other clerics. I agree that London is important in the context of global financial institutions and that we need to do whatever we can—not just in London, but elsewhere—to make sure that international sanctions are effective.

I am conscious of the time and that there are many Members here. I shall not delay them for too long, but there is one other area that I wish to highlight. No doubt other Members will talk about the Iranian role in the region, but clearly there has been a great deal of concern about the nuclear issue and the way in which Iran has been breaching its obligations under the International Atomic Energy Agency and the non-proliferation treaty. Our report was published in 2008 and much has happened since then. However, fortunately the Committee is very busy and, on 14 June, we published a major report entitled "Global Security: Non-Proliferation," in which we were able at least briefly to provide an update on what has been happening with that matter in Iran.

Developments in recent months have clearly shown that there is a growing concern within the IAEA that the Iranian regime is rapidly building centrifuges in order to develop enriched uranium. The Russians tried to bring in an international system whereby Iran could access that via an international facility, and there have been other suggestions about having some kind of fuel bank, including from our Prime Minister in his important speech at Lancaster House in March. I would be grateful if the Government said where we are on the implementation of alternatives, and whether Iran has indicated any kind of positive response. Frankly, as we have pointed out in previous reports, in the next few years Iran could be very close to having the breakout capability to possess a nuclear weapon, and because it has missile technology, that could pose a potential threat to southern Europe and a large number of countries in the middle east.

If Iran becomes a nuclear weapon state, it is not just the Israelis who will be very concerned. As we point out in our non-proliferation report, such a situation would

[Mike Gapes]

also be a trigger for a number of Arab countries, such as Egypt, Saudi Arabia and others, to get what could be regarded as a Sunni bomb in the middle east, as opposed to the Shi'a bomb that the Iranians might develop. Given that Pakistan already has a developed nuclear weapons capability and has tested nuclear weapons—as we know through the A.Q. Khan network, unfortunately, it has also been prepared to sell nuclear material and plans to other countries—there is a real danger that a cycle of nuclear weapon proliferation in the middle east could be triggered by Iranian actions in the next few weeks or months.

Mr. David Drew (Stroud) (Lab/Co-op): That is the crux of the problem with Iran at the moment. Does my hon. Friend agree that, given all the other terrible things that are happening—we had a good debate yesterday on the human rights issues—until we can sort out the nuclear question with Iran, it will be a very dangerous regime? There must be some inducements that we can offer it to separate the nuclear energy programme from nuclear weaponry.

Mike Gapes: Iran's regime is dangerous because it feels under threat from its own people and is worried about its survival. It also has fears about the future and legitimacy of its revolution. An interesting question is whether the new US approach is more threatening to the regime than the old one. It could be argued that people in authoritarian, theocratic regimes would much prefer the rest of the world to cut them off rather than be open to them, because sheer openness will mean that the people of the country get more access to ideas and ways of behaving that challenge the orthodoxy and hierarchy of the society. My impression is that the Iranian people certainly have a thirst for contact and communication with the rest of the world, not a desire to be cut off from it.

That raises some interesting questions about how the US under the Obama presidency will behave. So far, there seem to be some interesting developments. Only this week, both President Obama and Vice-President Joseph Biden said, in separate interviews, that despite the crackdown and repression, the US will not be deterred from seeking to engage in direct negotiations with Iran. That is the right approach, but we should have no illusions that engagement with people in the regime and with its leadership will, by itself, change the regime's behaviour. "Change in regime behaviour", which I believe is a phrase used by Condoleezza Rice in a different context, is not at all certain in a period when the regime is afraid that even a small opening up—a small movement—could result in a great crevice and then an outpouring in the country of forces it is afraid of and wishes to repress.

President Obama stated:

"We've got some fixed national security interests in Iran not developing nuclear weapons, in not exporting terrorism, and we have offered a pathway for Iran to rejoining the international community."

However, that requires the international community to maintain certain standards and values, and to continue to speak out against the repression and abuse of human rights taking place in Iran, and not to say that it would much rather concentrate solely on nuclear or trade issues. At the end of the day, there are international standards. Iran is a signatory to various international covenants and the non-proliferation treaty, and it must be held to those standards.

In conclusion, I believe there is potential for real change in Iran. I am not certain, however, that this period—this year—will see such change. The assumption that what will follow in Iran will be some form of colour revolution, such as that which took place in Georgia and Ukraine, fails to appreciate the complexities of that society. It is not right for us just to assume that that is likely to happen.

Our Government and Parliament need to have a sophisticated approach. Crude calls for regime change, or funding or supporting particular opposition groups, would play into the hands of the regime, which would say that it has proof of the British conspiracy against it. However, we should use all the channels that we have to continue to argue the case for positive engagement with the Iranian people, because they deserve far more than the Government who, sadly, are currently repressing them.

3.5 pm

Sir John Stanley (Tonbridge and Malling) (Con): I congratulate the Chairman of the Foreign Affairs Committee, the hon. Member for Ilford, South (Mike Gapes), on a fine speech. I strongly echo the sentiments he expressed on human rights and the other issues that he covered. The debate is on a report that we published just over a year ago, but it could not be more timely, so I am glad that the Chairman has taken the opportunity to secure the debate for the House at this time.

I begin with the crux of the long-term issue between our country and most of the countries of the world and Iran: Iran's remorseless march, year by year, towards becoming a nuclear weapons state. That march seems to be going down two tracks. It is going down the highly enriched uranium track, and it may also be going down the plutonium track. Alongside its efforts to produce weapons-grade fissile material, Iran is substantially adding to its ballistic missile delivery capabilities.

On page 13 of our report, we reproduce a map showing the range of Iran's Shahab 3 Korean technology-based missile. It has a 1,300 km range, making it capable of striking Israel, Saudi Arabia, parts of southern Russia and nearly the whole of Turkey. A few weeks ago, on 20 May, the Iranians successfully launched their indigenous, longer range 2,000 km ballistic missile, the Sajil 2, which uses solid rather than liquid propellant, which dramatically reduces its launch time scale. That missile will be capable of reaching a significant area of western and southern Europe.

I noted a comment that was made in *Jane's Intelligence Weekly* on 1 June:

"Western analysts have largely described the Sajil-2 to the media as a technological achievement that represents a leap in Iran's ballistic missile capabilities."

There is no question but that if Iran were to develop a nuclear weapon capability with its expanding ballistic missile delivery range, the consequences would be extremely serious. There would be the regional consequences of an impetus to proliferation, and, of course, the huge, unknown factor of the Israeli response.

The Committee visited Israel in March, at the time of the formation of the Netanyahu Government. We asked senior Israeli officials what the Israeli reaction would be if Iran became a nuclear weapons state. The answer we got—that all options are open—was fairly predictable. I believe that that is a correct statement: all options are open as far as Israel's Government are concerned, particularly the Netanyahu Government. That of course means that military pre-emptive action is among the options on the Israelis' list, and the consequences of that are incalculable and potentially extremely serious.

That brings us to the effectiveness or otherwise of the policy that is being pursued year by year by our Government, the European Union and the United Nations Security Council—a policy of trying to bring about a halt in Iran's remorseless march towards becoming a nuclear weapons state by peaceful means: pressure, coercion, inducement and enticement. On the evidence to date, that policy has been a complete failure. I regret having to say that, but that is what the factual evidence shows. The policy has been pursued year by year by year, and year by year by year Iran has marched remorselessly towards becoming a nuclear weapons state.

My question to the Minister, therefore, is whether he has any serious, significant grounds for believing that the passing of United Nations Security Council resolution 1803 and the greater use of sanctions for which that resolution provides will have any more effect on Iran than previous United Nations Security Council resolutions. Are other peaceful polices open to us that will stop Iran's relentless march? If the answer is no—I become increasingly fearful that it is—we are approaching an immensely dangerous situation in terms of nuclear proliferation, with the risk that the Israelis will feel that they have to do something by way of pre-emption. That is the burning policy question, and I look forward to hearing what the Minister has to say in response.

I will now move away from the possibilities and turn to a profoundly important and immediate issue—the actuality of Iranian involvement in military operations in Afghanistan. I draw hon. Members' attention to paragraph 77 of the Committee's report, which states:

"We conclude that the reports that Taliban insurgents are receiving support from Iran is a matter of very serious concern."

The Foreign Office's published response to our conclusion is illuminating. It states:

"However, we also have evidence of IRGC"—

Iranian Revolutionary Guards Corps—

"Qods Force involvement in negative and destabilising activity in Afghanistan, including supplying arms and funding to the Taliban."

The Foreign Office, in that public document, goes on to say:

"We will...continue to support ISAF and Afghan security forces operations, with a view to intercepting further arms convoys coming from Iran".

I repeat:

"arms convoys coming from Iran."

The document continues:

"As for our analysis of the level of Iranian support, we wish to minimise the risks posed to our operations by public disclosure, and the Government will write to the Committee."

The Government did write to the Committee, and I reread last night the paper that they sent, for which we are grateful. Let us confine ourselves, however, to what is in the public domain.

The Foreign Office has acknowledged in public that the Iranians are supplying arms to the Taliban; it has referred in public to "arms convoys"; and it has said that the Iranians are also supplying funding to the Taliban. The Taliban are responsible for inflicting grievous loss of life on British service personnel and other allied personnel, as we have been profoundly shocked to see again this week, and they have been doing so for a considerable period.

I have a specific request to put to the Government. I trust that they will be relentless in putting into the public domain, in so far as that is compatible with their security obligations, such information as they can about what the Iranians are actually doing in delivering weapons, technology, training and funding to the Taliban. The people of this country and people around the world will then know precisely what the Iranian Government are doing to support those in Afghanistan—the Taliban—who offer nothing to the people of that country except religious tyranny and the total suppression of human rights, including the obliteration of human rights for women and girls.

Mr. Brian Binley (Northampton, South) (Con): My right hon. Friend is making a fascinating speech, but my understanding is that the information held in the Foreign Office is out of date and has no bearing on the problem today. Does he agree?

Sir John Stanley: I am afraid that I cannot judge how up to date or out of date the information held by the Foreign Office is, because only the Foreign Office can do that. All that I can point to is what the Foreign Office chose to make public in its response to our report, and I am sure that my hon. Friend will agree that that in itself is profoundly disturbing.

The Chairman of the Committee highlighted the role of the BBC, and I want to give a very hearty metaphorical pat on the back not only to the BBC, but to the Government, who have funded the establishment of the BBC's Persian TV service through their grant in aid to the World Service. It was an excellent decision on the part of the Government to provide that funding, because it completes the important range of services that the BBC has now established in relation to Iran. The BBC's Persian radio service has a very long history, going back to the second world war—it is nearly 70 years old. In 2001, the BBC established its Persian online service, which has been very valuable; and in January this year, it established the BBC Persian TV service, as well.

It is a reflection of just how effective and valuable those services have been that the BBC has been singled out for condemnation and abuse by the Iranian Government. Indeed, when the Prime Minister was taking questions on the Floor of the House on 23 June, I said that we should regard the degree of abuse being heaped on this country and on the BBC as a considerable compliment, and I stand by that. That abuse reflects the effectiveness of what has been done.

3.19 pm

Sitting suspended for a Division in the House.

3.35 pm

On resuming—

Mr. Joe Benton (in the Chair): Order. For the benefit of right hon. and hon. Members, the sitting will be extended to allow for the break for the vote.

Sir John Stanley: As I was saying, the BBC has made an excellent contribution through its Persian service on radio, online and on television. Given the crucial nature of the decision to expand the BBC's Persian language output, I trust that the Government will continue to give every possible support to the BBC in this area, financially, technically and in any other way that they can to assist it, to ensure that that output on radio, online and on television continues to be made available to as many people as possible in Iran.

I want to mention the extraordinarily brave people led by Mr. Mousavi who are fighting for what I regard as the new Iran—the millions who voted for Mr. Mousavi and the huge numbers who attended his rallies and went out into the streets until they were brutally suppressed. Those people are the real hope for Iran. They might even be the only hope for Iran. They are fighting for an Iran that has true democracy, real freedoms, human rights and equality for women, and is not a threat to its neighbours. As we found in some of our contacts during our visit to Iran, they are people of extraordinary bravery and courage. They are putting everything they have—their livelihoods, their freedoms and in some cases their lives—on the line to try to achieve a better, freer and genuinely democratic Iran. I pay the strongest tribute, as I am sure all hon. Members do, to their immense bravery and courage.

The burning policy issue for the Foreign and Commonwealth Office is what degree of protection should be afforded to locally engaged staff in our overseas missions in countries such as Iran. I have looked closely at the relevant terms of the 1961 Vienna convention on diplomatic relations, and it is evident that article 38 contains provisions that divide locally engaged staff into two categories. Under paragraph 1, it is open to a foreign Government to designate all or some of their locally engaged staff as diplomatic agents. That at least gives them diplomatic immunity in respect of their official duties. For all the others, all that is left is paragraph 2, under which locally engaged staff get diplomatic immunity only in so far as it may be granted by the host country. One can safely assume that, in a place like Iran, there will be zero granting of diplomatic immunity to those who fall into that second category.

The House will appreciate that this is not the first time that locally engaged Foreign Office staff have come under political pressure, and worse, from overseas Governments. We have had a spate of that in Russia, and it is now happening in Iran. Another key point arose from a question that the hon. Member for Ilford, South asked the Foreign Secretary, who said that of the FCO's 16,000 diplomatic staff, 10,000—more than half—are locally engaged. That is a large number. I have looked at the Foreign Office's diplomatic service regulations and was able to access the 2006 version. Those regulations state:

> "Diplomatic status may be conferred on non-Diplomatic Staff if their duties require it in order to meet the Post's objectives."

That sensible latitude is given to heads of mission to put such locally engaged staff as they think fit into the paragraph 1 category, so that they at least have diplomatic immunity for the performance of their official duties.

I have some specific questions for the Minister, and if he cannot answer them immediately, I hope that he will write to me. Were any of our locally engaged staff in our Tehran embassy elevated to the paragraph 1 category, so that they had diplomatic immunity covering their official duties before the recent events in Iran, and if not, why not? By any judgment, they were clearly at risk. Given the intolerable, unacceptable and outrageous treatment that the Iranian authorities handed out to nine of our locally engaged diplomatic staff, will the Foreign Office now review the risk to which such staff are exposed in Iran, Russia and other countries around the world, and give immediate and serious consideration to whether they should be moved from the article 38, paragraph 2 category to the paragraph 1 category, so that they at least have the protection of diplomatic immunity covering their official duties?

Those of us who are privileged to serve on the Foreign Affairs Committee meet locally engaged staff in all the embassies and high commissions that we visit around the world. Without exception, we are very impressed by the quality of service that they provide and their loyalty and dedication to the British Government, despite being nationals of another country. I suggest to the Minister, and through him to the Secretary of State, that in return for that loyalty we must ensure that locally engaged Foreign Office staff around the world receive the maximum protection that we can provide under the Vienna convention.

3.44 pm

Mr. Brian Binley (Northampton, South) (Con): Mr. Benton, I apologise to you, the Minister and right hon. and hon. Members because I am between a rock and a hard place. The rock is my duty here, and the hard place is a meeting being held in my constituency because, as a constituent said in a letter to me, 18,000 houses are being dumped there. The House can imagine the outcry that that has caused. Consequently, I must leave early, so I beg your indulgence, Mr. Benton, and apologise sincerely.

I congratulate the hon. Member for Ilford, South (Mike Gapes) on securing this important debate at an important time on an important subject. His speech opening the debate was immensely valuable and of the highest quality. It has been a pleasure to listen to him. It is also a pleasure to follow my right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley), a man of great stature in the House, whose statements always have great credibility. I listened to him with rapt interest. He made some important points, which I am sure the Minister has noted.

I congratulate the Committee on an excellently constructed report. It was produced on 20 February, which impedes its import somewhat, but it contains much of which we must take account. I also congratulate the Government on their full response in May. All that is excellent, but it was blown out of the water on 12 June, when the situation in Iran changed dramatically within 24 hours. That is not to say that there is not massively important information in the report and the response, but we face a new situation in Iran, for which many of us had hoped for many years, but few of us believed would materialise in quite the way it did—in the number of people who came out on the streets following what appeared to be an election that did not quite comply with the rules that we try to apply in this country.

The situation is new, and we now know that there are two Irans. There is the elderly, rural Iran, which until now has in the main supported a mediaeval theocracy. That is the Iran that the Iranian propaganda machine tried to tell us was totally and fully supported by the nation's population. We now know that there is also a new, young, urban, modern Iran, which supports change. The people who came out on the streets showed immense courage in supporting change after an election that millions believed to be without credibility. I believe that the future lies with the latter Iran, and I am sure that we all pray that it does. It is vital for the security of the middle east and beyond that that is the case.

The question now is: how do we work to achieve that objective as peacefully as possible? The Government must pay attention to that, and although I cannot be here to listen to the Minister's response, I shall read it in *Hansard* with great interest. The truth is that we in this country have appeased the former and taken little heed of the latter over the past few years. We have been beguiled by the output of a state propaganda machine that told us that there was no real dissent, and that the only people who dissented were anoraks, idiots, radicals—call them what you will—who are anti the Almighty, but are not the majority of Iran's citizens. That propaganda has been blown apart, so we must rethink the situation. The report and the Government's response do not take that into account, nor could they. However, the events of 12 June tell us that appeasement is not the way forward. We have another view of what Iran is all about. It is that the younger, modern, thrusting element of society needs our help, support and understanding if Iran is to become the peaceful, democratic and free society that we all hope it will be.

Appeasement has a long record. The position was summed up on 1 February 2006 by the then Foreign Secretary. His statement, culled down, was that the People's Mujahedeen Organisation of Iran was proscribed at the behest of the mullahs as a sort of gift. We are seeing in a number of ways how wrong that was. I believe that the argument was based on Foreign Office information that was so dated as to be untrue.

I shall take a liberty now by referring to a letter that I will not ascribe, although I am willing to show it to the Minister if he feels that that would be useful, for his information only. Its content is very important and I shall quote two sentences from it. It is from a former Minister. Talking about Iran, he states:

"As time went by…I became less confident about the information with which I was provided. Some was too old to have realistic implications for the present. Some was sourced in ways that made checks on reliability extremely difficult or impossible."

He goes on to say in another paragraph:

"It is never easy for a former Government Minister—or indeed Governments—to acknowledge their analysis was wrong, however well motivated. But that is the case."

I am happy to show the Minister the letter privately, because I do not want him to think that I am trying to be misleading or clever in any way. The information has a real bearing on what we are talking about today and needs to be taken into account in a very serious way. Later, I shall talk about the evidence that I have to support its import.

We need to recognise that the analysis was wrong. We also need to recognise, as the Select Committee report itself hints, the ineffective nature of sanctions. They have not had the effect that we would want. Paragraph 13 of the conclusions and recommendations states:

"We conclude that although the sanctions currently in place against Iran act as a disincentive for its nuclear programme, they are not sufficiently robust to coax it into suspending its enrichment."

That supports the argument made by my right hon. Friend the Member for Tonbridge and Malling when he said that appeasement had not done its job on the nuclear issue.

We have only to read another conclusion in the report to find out about the effectiveness of the E3 plus 3 diplomacy. Paragraph 4 of the conclusions and recommendations states that

"the E3+3's diplomacy over Iran's nuclear programme is currently a long way from successfully achieving all its goals."

The truth is that there are two great findings: the report's finding that our effort to appease the regime has failed and our sanctions have been ineffective, and the subsequent finding that there is a greater rising of the human spirit in Iran than was ever thought possible before. Whatever we say about the people who came on to the streets, they did us a great service through their courage and endeavours, because never again can it be said that there is no opposition to the regime internally. Of course there is opposition to the regime internally, and we need to take great note of it and encourage those people. If what we believe about freedom and democracy in this country means anything, the need to encourage those people must be paramount.

I am sure that that will be taken into account by the new Minister, whom I welcome to his position. He gives us considerable hope.

Andrew Mackinlay: This week's Minister.

Mr. Binley: I hope not. I have great faith in the Minister's ability and approach to the whole business and I look forward to some encouraging words from him later, even though I cannot be here to listen to them.

Finally, there is the Government's attitude towards the PMOI. That organisation was proscribed by the UK Government. We know from my comments about a former Foreign Secretary why it was proscribed. In December 2006 the Court of First Instance ruled that the proscription was unlawful. The Minister will know all that has happened since then, up to the events involving the Court of Appeal and the European Courts. He will know that a statement was made that, if not unique, was pretty unusual in British judicial history. I am referring to the ruling of the Proscribed Organisations Appeal Commission, which stated that

"having carefully considered all the material before us, we have concluded that the decision"

of the Secretary of State

"…is properly characterised as perverse."

The Foreign Office got it wrong, and got it wrong continually in that respect, so thank God we had 12 June, because there is a vital need to rethink in all sorts of ways.

The Select Committee report demands to know why the Government resisted the court decisions on the PMOI. At the time of the Government's initial response to the report, legal matters were still proceeding. I am sure that the Minister will now tell us why the Government

[Mr. Binley]

continued to oppose court after court and decision after decision on that issue. I believe that my enemy's enemy is my friend—the Chinese are very wise. I am not saying that the PMOI has not in its history acted as a terrorist organisation within Iran. It has never done so against the interests of the west, I might add, but in Iran that is true.

I met Lord Malloch-Brown, a Foreign Office Minister, and the hon. Member for Harlow (Bill Rammell), who was also then a Foreign Office Minister, with a number of other people. When I asked why they still considered the PMOI to be a terrorist organisation, one of their senior aides said that that was because it was still involved in terrorist activities; it had never made a statement to the effect that it was not. In fact, statements have been made consistently and regularly since 2002 by the leader of that organisation—Mrs. Maryam Rajavi—and many others. They were public statements. It amazed me that the Foreign Office could make such a statement to me. That underlines again how out of touch the Foreign Office has been.

We face a new situation. We need the Foreign Office to think differently—to think anew about how we approach the matter. We do not have many weapons in our armoury. I recognise that the history of Iran tells us that we do not have the ability to make a great impact on that country. There is a whole cultural problem that dates from 1911 onwards and perhaps even earlier. I know that we did not have a great cultural heritage when we opposed the Mosaddeq Government in the early 1950s and that many people feel that we supported the Shah beyond what was reasonable, decent and fair, so I understand that our influence is limited, but it is still important, in terms of working in collaboration with other nations in the western world.

I ask the Minister to consider six ways in which we might react to the new situation. First, as I have already argued, we need to change the thinking in the Foreign Office. We need to ensure that our intelligence is up to date and that senior officials do not look as foolish as they did when making their statement at a meeting with me. It is vital that we have proper information—the Minister knows that he depends upon it—and I am sure that it will happen. I am happy to show him the letter that I quoted, but I ask that it be kept private, as it was sent to me under confidential cover. We need to change our thinking.

Secondly, we need to recognise that internal regime change is now a possibility. It was not on the cards to a great extent when the report was published. It is certainly on the cards now, and we need to take that into account.

Thirdly, we should end the appeasement of the mullahs. We seemed to believe that they were kindly vicars, attending tea parties and eating cucumber and cress sandwiches and dealing out compassion to their parishioners in a friendly and patrician way. That is not the case. We are talking about a fanatical Islamic society run by fanatical Islamic mullahs. They recognise only strength. They have shown that they do not understand appeasement; they think that it is weakness. We must become much stronger and more united in that respect.

Fourthly, we should demand an end to Ahmadinejad's defiance of United Nations resolutions, as recommended in the report. That goes without saying. Fifthly, we should strengthen specific sanctions against vital industrial and commercial sectors, and against vital people in the Iranian Government.

Sixthly, we should recognise the value of opposition in exile. I have made that point before. Some may not like the PMOI, but I am a supporter of the organisation, and I am pleased to say so. However, it has a massive ability to dispense information in Iran to the very people whom we are debating. It has the ability to gain information from Iran that ought to be of great use to the Government and the Foreign Office.

We should work hard for the UN's involvement in future elections in Iran. We must put proper pressure on the Iranians in every way possible and through every peaceful mechanism available to us. I do not advocate a physical attack on the nation; that would be counter-productive and dangerous for all. However, I do advocate that we take a consistently credible and strong approach to a regime that believes that it is only strength that counts, and which will believe that even more strongly now that it is under such pressure.

This debate is not only about Iran; it is not only about Iran and Israel; and it is not only about Iran and the middle east. As was stated so startlingly by my right hon. Friend the Member for Tonbridge and Malling, it is about our children, our grandchildren and our great-grandchildren. It is about our country's well-being. It is about us acting in a free and democratic world. There is a real threat to that objective, but I am not willing to put up with it, for the sake of my children and grandchildren. That is why I speak so passionately. I look forward to reading the Minister's response.

4.4 pm

Andrew Mackinlay (Thurrock) (Lab): I am pleased to follow my good friend the hon. Member for Northampton, South (Mr. Binley); I agree with every word that he uttered. I now turn to my left and to other colleagues and friends. My hon. Friend the Member for Ilford, South (Mike Gapes) and the right hon. Member for Tonbridge and Malling (Sir John Stanley) made important speeches, and I agree with some of what they said. I shall nevertheless draw upon their speeches, because I have reservations about some of their conclusions.

The real problem is illustrated by the United Kingdom's attitude to Iran. It shows the dysfunctional nature of the formulation of Government foreign policy in general. It is aggravated by the high turnover of Ministers in the Foreign Office. That is why, from a sedentary position and with a slight smile, I referred to my good friend—I have enjoyed his company and his wise counsel on a range of political issues—as "this week's Minister". I said that because there is a high turnover of Ministers, particularly at the junior level.

We suffer from the obsession of Prime Minister Blair and the current Prime Minister, who have played musical chairs with important ministerial portfolios. It does not matter how skilled, motivated or dedicated the incumbent Minister is—new Ministers often come from Departments totally unrelated to foreign affairs—it inevitably means that the mantra is handed down by officials whose judgment has been shown to be flawed time and again, particularly in relation to the UK's policy on Iran. To some extent, that was demonstrated by what the hon. Member for Northampton, South called their obsession;

they have aggravated the PMOI and done everything that they can to disadvantage brave people in exile who stand up for human rights in their native land and who try to demonstrate to the rest of the world the pernicious nature of the Iranian regime.

In my view, not only was the Foreign Office wrong in its repetition of that attitude by successive Ministers there and at the Home Office; it was madness. I am delighted that I and other Members of both Houses, across the political spectrum, were able in the case of Lord Alton of Liverpool and others *v.* Secretary of State for the Home Department to demolish the Government's argument. The Register of Members' Interests mentions our involvement in that case. It was important because it humbled the Foreign Office and the Home office, showing their deficiencies of judgment, and because it sent an unusual but significant signal to the regime in Tehran that the British judiciary is proudly separate from the Executive and the Government, whose approach to foreign policy is seriously flawed.

I believe that the Foreign Office has too often been arrogant on Iran's dialogue with other key partners. I remember that the Russian Federation tried to explore, in a positive way, the question of Iran and other countries having civil nuclear energy, the full fuel cycle being facilitated at four or five key locations around the globe, which would allow many states, including Iran, to have nuclear energy. However, it would not be done in a way that caused nuclear proliferation or facilitated the preparation of nuclear weapons or warheads in a particular country. To my knowledge, that was dismissed by the Foreign Office. It does such things time and again as a result of its phobia and its attitude of dismissal to anything suggested by the Russian Federation. Latterly, that idea was picked up by the Foreign Office, but it was too late—it missed the window of political opportunity. So my criticism of the Foreign Office is justified because it totally and consistently misread the situation.

I said that I departed from some of my colleagues' conclusions, especially in relation to the recent so-called elections and candidates. I am amazed that people fall for the argument that the electorate exercised freedom and that the elections were simply rigged by the man who came out on top and his cohorts. Whoever won, the elections would not have had legitimacy. I am rather old fashioned and think that all citizens should be able to stand as candidates, but half the people of Iran—namely women—could not, so there was blatant gender discrimination. I am amazed that politicians, the Foreign Office, some good friends and colleagues, and the BBC have given such legitimacy to this flawed election. They would not do so anywhere else. If these elections had been held in Belarus or Russia, for instance, we would be hammering home time and again the fact that half the population was disfranchised from seeking elected office. Furthermore, the turnout was abysmally low, because hundreds of thousands of people did not want to give any credence or legitimacy to this flawed election.

Colleagues have praised the candidate Mousavi. I do not share this view at all. Although he seems to have been disadvantaged in this so-called election, he is wholly part of the main thrust of the regime. He signs up fully in his allegiance to the regime's constitution and the system under which the clerics decide who can seek election and how. I do not consider him to be a liberal or the great hope or leap forward for Iran. He is the same and equally to blame for the corrupt Iranian regime. The sooner we make it clear that we do not see him as the Archangel Gabriel, but as another one of the regime's thoroughgoing rotters, the better. There is the delusion that Mousavi is a goodie, when in fact he is a baddie. That is why I am disappointed with the BBC. Of course, in all the news agencies, and in particular the BBC, there are some extremely brave men and women who collect and report the news. However, I draw a distinction between them and the editorial nature of the BBC, which accepts and repeats the mantra that Mousavi is a good person. I think that the spin doctor is the Foreign Office. It is not only wrong in spinning that; it is deceiving nobody but itself and those who listen to the BBC in the UK. Most people know that the truth lies elsewhere.

I have told you, Mr. Benton, that I like the Minister and have known him for a long time, as you have. He has a very proud record of standing up for the state of Israel, which I wholeheartedly endorse. He has been very brave, but not uncritical, in supporting the state of Israel and its right to exist. I—and you, Mr. Benton, I suspect—also support that right. However, if the Minister was not a Minister but a humble Member of Parliament, he would be persona non grata in Iran. Those in the regime would not let him across the threshold. In fact, it remains to be seen whether they would let him go this very evening to Tehran. I doubt whether they would—and it would be personal, and because of his brave and consistent attitude in defending the state of Israel. They are that rotten! I would be very interested to see, if he is ever dispatched to Tehran, whether he is allowed in.

I was almost cheering the right hon. Member for Tonbridge and Malling when he touched upon the Government's response. I, too, want to flag up the fact that arms, training and explosives are coming from Iran into Afghanistan and killing UK servicemen and women. No doubt the Minister's brief will read, "This is a sensitive area—skirt it if you can." It will not say that exactly, but it will be words to that effect. It will tell him to try to avoid responding to any points made about paragraph 20, page 7 of the Government's response, which states that

"we also have evidence of IRGC–Qods Force involvement in negative and destabilising activity in Afghanistan, including supplying arms and funding to the Taliban."

I have some issues with the Government, because this Parliament has never had a proper mandate to deploy our troops in Afghanistan, but we are there now and taking severe casualties. The Minister needs to tell us precisely what is in his briefing pack in relation to that point. If I am wrong, and it says nothing, why? It is not sufficient for him to write to Members; we need a wholehearted statement on how we can reconcile our recent courteousness to the regime with the fact that our armed forces are suffering and losing lives owing to the activities of the Iranian Government. How can the Government dismiss the charge, as they did yesterday in another debate, that we are appeasing this regime? Parliament is entitled to an explanation.

The Ministry of Defence and the Foreign Office differ greatly on this matter. That has no doubt been aggravated by the fact that the Prime Minister considers the Secretary of State for Defence so unimportant that he is No. 23 in the Cabinet hierarchy. This is unacceptable. The former Secretary of State, my right hon. Friend the

[Andrew Mackinlay]

Member for Kilmarnock and Loudoun (Des Browne), occasionally admitted that he blamed Iran for some of the deaths of British soldiers, yet that issue has never been clarified by the Foreign Office. So what does the Foreign Office have to say about the fact that we are tolerating a regime that is facilitating the killing of our armed forces and service personnel?

The Government's response to the point about sanctions can only be described as pretty pathetic. They wrote:

"We judge that the sanctions introduced so far have sent a clear political signal to the Iranian regime."

A clear political signal—who is the Foreign Office kidding, especially given that, elsewhere in the response, it acknowledges that Iran is also facilitating the deaths of our armed forces personnel?

In an Adjournment debate this year, I described to the House of Commons how the UK had facilitated the transfer of funds from Iran, through London, to the United States to deceive the US regulatory authorities, so that the Iranian regime, under cloak and dagger, could purchase in north America technologies that it needed both to develop its nuclear side and—I believe—nuclear weapons, and to get around the existing US and EU sanctions regimes. The Government were seriously embarrassed. The particular perpetrator to which I am referring is Lloyds TSB, but other London-based banking institutions were also involved. Under the financial arrangement known as "stripping", there was a deliberate intent in London to deceive the US authorities. When I mentioned this to my right hon. Friend the Financial Secretary, he did not argue that I was wrong, but said instead that the ground rules in London and the European Union had been altered. Again, that demonstrates the charge that we have been doing too little, too late; that we have appeased; that we have been asleep on the job. None the less, we have the audacity to say that other countries are not being resolute and strong in homing in on those who export terrorism and other things that involve loss of life around the world.

When the Minister responds, I hope that he specifically addresses the question of the export of weapons of terror to the Taliban and elsewhere. It is intolerable and unacceptable that this House should acquiesce in allowing the Government to put in a document, which is a year old, an acknowledgement that there is a problem but with no robust expression of outrage. I hope that the Minister will be much more discerning and critical of the advice furnished to him by officials. I hope he will stand up to Ministers more senior than him in the Foreign Office, the Ministry of Defence and No. 10 who, ridiculously, think they can buy off and placate the thoroughly rotten regime that exists in Tehran.

Presumably, in the Minister's brief there are references to Camp Ashraf, or Ashraf city. The residents are Iranian exiles who have been in Iraq for many years. After the collapse of Saddam's regime, they were given protected person status under the Geneva convention. To the credit of the United States of America, they have been safeguarded time and again, despite the Iranian regime putting increasing pressure on the fragile and wobbly Iraqi Government to expel them. In recent weeks and months, the harassment of those people has increased. The United States acknowledges that they have long since disarmed; none the less, there is a danger of their becoming the Cossacks of our generation. The Iranian regime could exert its disproportionate influence on the fragile Iraqi Government to ensure that those people are expelled back to Iran, where they would face the same consequences as the Cossacks faced in 1945 and 1946. The British Government have not shown the same resolution as the US military showed in recognising their moral, humanitarian and legal obligation to the people of Ashraf city. Will the Minister tell us what the latest position is on Ashraf, and recognise that we have obligations as signatories to the Geneva convention? We want to know that we are putting diplomatic and political pressure on the Iraqi Government to recognise their obligations under the fourth Geneva convention to safeguard the unarmed people of Ashraf city.

4.25 pm

Mr. Ben Wallace (Lancaster and Wyre) (Con): It is a pleasure to follow the hon. Member for Thurrock (Andrew Mackinlay). I am speaking today both as an individual and chair of the British all-party group on Iran, which I have chaired for some three years. During that time, we have met with the Secretary of State, the Foreign Secretary, Ministers of State, members of the US State Department, Turkish and Syrian ambassadors, Members of the Iranian Government and Iranian clerics and academics, as well as other people who represent the interests of the area. In my short contribution, I should like to introduce some context to the matter, which has been missing right from the beginning.

The Iranian elections were, and are, a serious schism in the current problems that we face with the regime. I suppose that we could say that the lid has come off the pressure cooker. There was some bad reporting at the beginning. The BBC egos got off the plane in Iran and nudged out of the way the journalists who had been working very hard in the region for a long time, often when the rest of the world was not interested. When those egos stopped at the nearest polling station and saw women wearing lipstick, they assumed that there had already been an Iranian revolution. The expectations that came from the first reporting of the Iranian elections were unnaturally high. That explains why so many people attached themselves to Mousavi and pronounced him a great revolutionary reformist. They treated him as a "Hampstead liberal" and no doubt felt that if he was elected, everything would change. Most of the reports at the beginning came from north Tehran, which is the rich area where the Shahists and the elite of the regime used to live. They are the people who have suffered under the Ahmadinejad regime because of economic incompetence. So, we need to put that in perspective.

Next, we should consider the three candidates. Anyone who knew Mousavi when he was a Prime Minister would know that he is not campaigning for a completely European, liberal style democracy; he is a child of the regime. This election was predominantly about the competence of Ahmadinejad and not about whether he was a moderniser, a conservative or a reformer. General Rezaie, who was a founding member of Hezbollah and a senior general of the Revolutionary Guard, does not criticise the regimes of which he has been part lightly or easily.

What I found in Iran last year was that across the board, there was a coalition of people who felt that this President was not only destroying the country economically through his incompetence but damning the country to an isolation that would end up like that of North Korea. That anger at his incompetence built up during the election. When he did not even competently fix his own election, people felt that he had taken a step too far. It is possible that Ahmadinejad could have won the election. However, he would not have won it on a 60:40 basis, but he might have won it on a 51:49 basis. He might have had to go to a second round, but he could not even fix his own election. Last year, there was a debate in the Majlis in which he tried to install his son-in-law or brother-in-law as Minister of the Interior, but the Members blocked it, knowing what he was doing.

The three candidates were there to deliver change and hopefully to solve one of the west's real worries. As Iran is a non-party political state, it is very hard to do anything but deal with personalities, and personalities come and go in Iran. In the series "Iran and the West", the former Foreign Secretary, the right hon. Member for Blackburn (Mr. Straw) dealt with the personalities in both the Iranian and American regimes. He had to hold the circle with a Bush Administration, which had to deal with Mr. Bolton on one day and General Powell on the next. There were personalities across the foreign policy divide, and it was very hard to get a settled foreign policy—it must have felt a bit like catching soap.

I would like to pay tribute to the European powers. The Foreign Office has been given a tough time throughout the debate, but it had to walk the line when no one knew whether the Americans were going to take the neo-con view of Mr. Bolton, or what view the Iranian regime, which swapped personalities in the same way, would take.

Interestingly, when we nearly got to a resolution on the nuclear issue, it fell apart on both sides of the table. The deputy Secretary of State of the United States left, and in came Mr. Bolton with his neo-con view of the world; off went Mr. Larijani and into the Iranian regime came someone of whom we had never heard.

Mike Gapes: We met that somebody of whom the hon. Gentleman had never heard: his name is Jalili, and we had a very interesting, intense and frank discussion with him.

Mr. Wallace: I was due to go to Iran last week before I was banned as part of the British conspiracy to overthrow the Government. I was due to meet the person of whom I had never heard, and it looks as though I will never get to hear of him.

The Foreign Office has done a good job of dealing with the problem I described, which has been exceptionally difficult, but we should also define what the terms moderniser, reformist and conservative mean in Iran. A conservative in Iran, by my reading, says that God will provide everything—God will provide democracy, and economic and social success. No one needs to do anything, because God will provide. The reformists that we talk about are not, I am sorry to say, Hampstead liberals. The reformists are people who say, "Let's follow China. Let's have an authoritarian state that will liberalise economically." That is the vast majority of people in the Iranian Government, and the vast majority of clerics and perhaps of the electorate. There are not many modernisers. Karroubi, the third presidential candidate, could perhaps be a moderniser because he shook hands with a woman once or twice and has different views.

We should also put in context the UK's role in this pantomime—that is what it is. Be under no illusion: Iran has a sort of twin track. People go through the motions. As the Chairman of the Committee will know, when one meets Iranians, their notebooks come out. Everyone copies everyone else's notes to ensure that no one can be accused of being a spy. That is the pantomime. It does not detract from the seriousness of some of Iran's measures, but Britain has a part in the pantomime. When a Danish newspaper published the cartoon insulting the Prophet Mohammed, Iranians did not get on a bus to the Danish embassy. The affair was seen as being the fault of the British, so they went down to the British embassy and stood outside, where they were given rocks to throw, and it was, "Let's pick on little Satan." We are that character in Iranian politics. We have something of a history and it is good to carry on exploiting that perception.

The BBC situation is quite interesting. The BBC Persian service sent the code words to trigger the 1953 coup to get rid of Mosaddeq, so it is perfectly understandable that those nasty parts of the regime who want to portray Britain as being part of the current situation use BBC Persia and say, "You see? They're at it again." We are the pantomime villain.

British embassy workers have been intimidated, bullied and arrested for years. Last year, the British Council was closed down and the British embassy was invaded—150 people jumped over the fence and ran amok in the gardens. We did not hear about the invasion from the Foreign Office, mainly because it was trying its best to separate the hysteria and the pantomime from the reality. We should not forget that the UK has the role of pantomime villain. Sometimes we have to accept it, but sometimes we must draw a line.

We are not alone in the role. The second biggest enemy in Iran is not big Satan; historically, it is Russia.

Ms Gisela Stuart: Does the hon. Gentleman agree that because of the pantomime he described, people make the great mistake of thinking that it is an irrational regime? We may not always understand it, but its actions are rational.

Mr. Wallace: I agree, and that is one of the saddest things about this recent incident. People in the west underestimate Iran and vice versa.

We need to understand the Iranian people. There is great anger on the streets of Iran. When we were there, people perfectly openly criticised the regime. Just as the Chairman of the Committee said, people come up and say what they think. They say, "The man's a muppet and the regime shouldn't be allowed to do this or that." The Supreme Leader's brother criticised him last year and got beaten up, so people do break ranks, even if they do not necessarily do so in an organised manner. Because the political regime does not allow party politics, there is very little collective protection for people who want to espouse such views.

[Mr. Wallace]

Iranian people are very suspicious of foreign intervention, and we have to be cautious in our solutions. Russia and Britain have form—the US's form is rather nouveau riches. We have to be cautious. Foreign intervention such as a big stamp of approval for Mr. Mousavi would do him and hope of reform no good whatever.

We must not underestimate the nationalistic nature of Iranian people. Iran is not like Iraq. It is not made up of Shi'a, Sunni and Kurd areas on a rather artificial map that was pretty much drawn up by the British not so long ago; it is a nation state that feels like a nation state, and it is predominantly dominated by Shi'ism. Whether Iranians are pro-Shah or conservative, we should not underestimate their strength of feeling for their country.

When we were in Iran last summer, we met some American Iranians who go over every summer to help the Iranian health service. They are Shahists and cannot stand the regime, but they do what they do because they feel that they will be contributing to their country. When considering the measures to take to deal with Iran and any extreme action, we should remember not to underestimate the national pride of Iranian people.

I disagree with the hon. Member for Thurrock and my hon. Friend the Member for Northampton, South (Mr. Binley) about the Mujahidin-e-Khalq or PMOI. None of the millions who protested in the streets was protesting for the restoration of the MEK, and no one wanted the PMOI to be allowed a role in Iranian politics. The Supreme Leader—the second President—was blown in half by the PMOI. It is a Marxist organisation. It has not been active because its people have been sitting in a camp after fighting for Saddam Hussein in Iraq. I do not want Her Majesty's Government to do business with such an organisation. As in Iraq, we must ask ourselves whether our enemy's enemy is our friend. Have we forgotten the lessons of history? We should be very careful with whom we do business.

Let us remember that the US re-proscribed the PMOI in February. We only have to read the evidence, which is submitted and published online, to realise that the US has not moved much on the PMOI.

Andrew Mackinlay: To make it clear, all I want is the PMOI to be able to put up candidates in elections. That is what is being denied to it. As with many organisations historically and in Europe and elsewhere, it is an umbrella organisation. The hon. Gentleman was wrong to say that the organisation is Marxist, but I do not want to labour the point. The PMOI contains clerics and secularists, and people of the left and of the right. All it wants is the right to seek election in a free, democratic Iran.

Mr. Wallace: As I understand it, there is a process that makes it open to former terrorists to join democratic processes, just like the process that we have been through with the IRA and Sinn Fein. However, I do not believe that the PMOI is the driver for reforming Iran. It is not credible in that way. People have long memories in Iran, and I do not believe that the PMOI is the tool or the vehicle for reform. If the hon. Gentleman's argument is that we should allow and encourage Iran to move to a freer, more democratic state, I agree with him. However, when he listed people who abuse human rights and resist democracy, he left out all the Arab states surrounding Iran. When are the elections, and where are the democratic accountability and human rights, in Jordan, Saudi Arabia and Egypt? Those countries are not only our foreign policy allies; we are selling arms to them.

Hypocrisy is a matter of fact in the middle east. I am happy to say, "Yes, I am a hypocrite," because I am a pragmatist, but let us not say, "Iran is absolutely evil because it doesn't respect human rights in the same way." It does not, and that is wrong—it needs to correct itself and be corrected by others—but neither do some of our allies, and we must face up to that and decide what our priorities are.

We need to contextualise the religious struggle in Iran. It is not new. It must be understood that Shi'ism plays a major role in the development and direction of Iran as a theocracy, and always has. Within Shi'ism is a debate that goes back about 200 years, if not longer, focusing on the phrase "velayat-e faqih". I cannot pronounce it particularly well; I will give *Hansard* the quote. It means, effectively, the balance between secular and religious. It is [illegible]limited or absolute guardianship of the Islamic jur[illegible]Shi'ism, which basically says, "While you wait for the 12th imam to appear, who runs the country?"

Some clerics believe that they run it in its entirety with the authority of the imam. Other clerics—not all the clerics are vicars, as my hon. Friend the Member for Northampton, South said—are reasoned, reforming people. Shi'ism is about reform. It is not like Wahabism, which is about going backwards; it is a long-held debate. Karroubi is an ayatollah. He is not agreed with, but he is a senior, learned cleric. One does not become a cleric in Iran by taking some correspondence course in Alabama and calling oneself right reverend. We should understand that ideological debate.

For me, the saddest day of the recent incident was the Friday three weeks ago when, during prayers, the Supreme Leader got off his independence view and pronounced that his views were effectively closer to those of reigning President Ahmadinejad than to others'. The "others" were really Rafsanjani. He was sending a coded message that he wanted to use his role to guide and run the country according to a religious view.

The people who disagree with that say, "No one can replicate the imams. Humans do what humans do, and clerics guide religion, but we're not going to interfere." The strong side of Shi'a politics is driven by that. One modern-day champion of it, ironically, was Ayatollah Khomeini, who wrote all about it in opposition. That is how he built a coalition for the revolution with Marxists, socialists and everybody else. Unfortunately, when he got to power—power corrupts, and absolute power corrupts absolutely—he went from limited to absolute. That is the challenge, and we must recognise it. The problem is the ticking time bomb of the nuclear clock. Without the nuclear worry, we could let things play their course. We could take steps to ensure that terrorism was not exported and so on. Unfortunately, the nuclear issue creates urgency. We are in a serious and difficult place.

The hon. Member for Birmingham, Edgbaston (Ms Stuart) said that the regime was a rational and calculating one. I believed that right up until the elections. We have heard a lot of criticism, but the question is what to do. A lot of people in this debate have said,

"The Foreign Office is appalling," or "Iran is appalling." So what? What are we going to do about it? That is the question. The worry today, which basically explains the silence of the UK and the US, is assessment. Is the regime still ruling by consent, and is it capable of delivering anything in a negotiation anyway? Is the country split down the middle? Is the religious establishment split, and even some of the revolutionary guards?

My understanding is that the Ministries in the Whitehall of Tehran are split. The Ministry of the Interior is intimidating people; the Ministry of Foreign Affairs either has been left out in the cold or is not as engaged. If they are all over the place, that is the worry. Who are we going to sit around a table with, and if we do, can they deliver anyway? That is my fear about developing foreign policy for the next few months or years. It explains why both America and Britain have done their best to stay out of it: they need to assess it and work it out.

I have some fears. I do not understand why both the Foreign Affairs Committee's report and the Foreign Office's response contain no indication that what happened at the election was going to happen. Fixing an election is a pretty tough job. I did not see any indication. I never got any briefings saying, "We think this election will be rigged." No one saw it coming. Are we not putting enough resource into our intelligence community, or is it looking elsewhere? We need forewarning of such issues. We must ask ourselves what works.

Andrew Mackinlay: Due to the unfortunate way that Parliament works, the reports are more than a year old. Also, the hon. Gentleman made the valid point that we were not given any warning about the elections. That is part of my point. The Foreign Office is flawed. It is the same Foreign Office that misread Mugabe's great success in 1979-80 and thought that the Greeks would approve the Annan plan because they were told by the Brits to do so. Now the Foreign Office has got it wrong by misreading the so-called Iranian election. The Foreign Office's judgment is flawed.

Mr. Wallace: The hon. Gentleman is right to point out that the British foreign policy track record is riven with failures, but it is also riven with successes. We do not always hear that. Also, we have to have a Foreign Office. There is no other solution. There is no such thing as do-it-yourself foreign policy.

Ms Gisela Stuart: On the very day of the elections, a respected commentator said on the BBC, "The real difference between the Iranian elections and the Russian elections is that you can't tell in advance who's going to win the Iranian elections." If the Foreign Office got it wrong, so did everybody else. It was in good company.

Mr. Wallace: I understand that, but the simple logistics of moving around ballot boxes and printing millions of ballot papers must have left some trace, especially in Tabriz, which is not friendly to Ahmadinejad. Maybe they all just got the ballot papers and went into a new room at counting central. I do not know. But it would have been useful if we had had some idea what was going to happen. Maybe the Foreign Office knew but kept it secret; maybe it was not for us to know until after the event.

We have heard sanctions mentioned as the option. I have a deep suspicion of sanctions, not because I do not think that they work—they do, in the right places—but because of Iran's trading partners, such as Japan, China and Russia. The challenge that Britain, America and France face is that no one else is playing ball. The missiles being fired and tested from Iran are potent not because they go up and down—North Korea does the up-and-down bit—but because of where they land. The guidance systems in the missiles are sold to the Iranians by the Chinese. The systems in the land missiles that could close down the straits of Hormuz and the missiles fired from Lebanon by Hezbollah that hit an Israeli frigate were Chinese. The Chinese have sold $7 billion worth of arms to Iran since 2000. People are not playing ball.

Russia just re-fitted two of Iran's submarines. Actually, they were not very good, so the Iranians sent them back to be done again. The Russians are trading with Iran, as are the Germans and Italians. A few months ago, the Italian Foreign Minister encouraged Italians to do more business with Iran. What the Iranians see in that is a split, weak European and western coalition that does not work. If sanctions do not work and the Supreme Leader believes that they are a good thing for maintaining the purity of the country—he has said so in many speeches—how much effect will they have on the regime?

If we could not prevent North Korea, Pakistan and other countries from developing the bomb, one must ask how effective we are and whether we are putting our effort in the right place. Should we not be rattling the stick at the other partners in the world to ensure that we have proper sanctions? Of course we are angry with the Iranian regime, but our resources should be spent on persuading China, Russia and the European Union to get on with it and stop sitting on the fence. The question of sanctions constantly undermines us.

Interestingly, Oman, one of Britain's partners in the gulf, recently signed a security pact with Iran. On one hand, Britain is about to sell two new frigates to Oman, but on the other, Oman has just signed a security pact with Iran. Where are we going? We need to ensure that we have a united voice and put a lot of effort into getting there. I do not believe in regime change through the MEK or terrorist organisations. That would take us to the wrong place, as the example of Iraq shows. Relying on intelligence is often unreliable.

There are challenges for us. We must send a message to the Iranians not to underestimate us. Just because they can capture a few sailors in a boat and break our sanctions, they should not underestimate the sleeping lion that is Britain. We should be funding our armed forces—our stick. We have a carrot and a stick. We have offered a lot of carrot, but our stick looks weak and underfunded. Our armed forces are being cut. We cannot tell Iran that we have a stick with any credibility when we do not have enough aeroplanes. We need to be strong in saying that we have a stick, but offer carrots to demonstrate that we understand how Iran works and not just how we want it to work.

4.51 pm

Jo Swinson (East Dunbartonshire) (LD): It is a pleasure to follow the hon. Member for Lancaster and Wyre (Mr. Wallace), who has great expertise on this issue. I

[Jo Swinson]

am sure that all hon. Members enjoyed his remarks. I congratulate the Select Committee Chairman on his introduction to the debate and on the work of his Committee in producing this well-researched and thorough report. It has led to an important and lively debate this afternoon. Unfortunately, it is almost 18 months since the report's publication. Although it might have been helpful to debate it earlier, sadly, many of the conclusions still apply.

Paragraph 109 illustrates the thrust of the report in the recommendation that there be a wholesale recasting of Iran's

"relationship with the international community, particularly with the United States and European Union."

We all felt a sense of elation when President Obama was elected. In his foreign policy moves thus far, he seems be pursuing a more positive path on the world stage and extending an open hand. The international community is therefore effectively following the Select Committee's recommendation, but the response has not been encouraging, to say the least. However, the international community is taking the correct approach and it must be given a chance to work. President Obama's and Joe Biden's recent restatement of that intention is welcome.

The most important recent event in Iran is the election. I agree with the Government's position that the will of the Iranian people should be upheld, as should be the case in any democratic election. I was just as critical of President Bush's first election victory, because I believed that the will of the American people had been usurped. There are serious questions over the Iranian election. The hon. Member for Thurrock (Andrew Mackinlay) rightly raised the problem that half of the population was ineligible to stand for the presidency. Such discrimination against women is not welcome in any country. Regardless of what we in the UK say about the election, many Iranians want answers. They are the people who matter the most, because they had the right to cast the votes and should be able to ensure that they were counted correctly.

We have all seen the protests on television and on YouTube. We have followed them online on various internet sites. Regardless of who won the election and what we think about it, the horrendous violence we have seen on our screens is cause for great concern. In a sense, it is wonderful that citizens have been empowered to report and communicate the news themselves through a variety of mobile technologies. At the same time, that has put many disturbing images into the public domain. In general, it is positive to see people anywhere in the world empowered by such new technology.

It is too early to say where we are in the post-election situation. It has been reported that there might be more protests today because it is the 10th anniversary of the crackdown on the student protests. Professor Ali Ansari, who gave evidence to the Select Committee, was quoted in *The Times* this week saying that the situation is nowhere near resolved. I suspect that he, as an esteemed expert on Iran, is right. It is difficult to predict what will happen, and we will have to watch as events unfold. The one exception is that when British nationals are held in Iran, we must make strong representations for them to be released. That is unacceptable and the Government are right to pursue such action with all possible haste.

I was taken by the analysis of the election by the hon. Member for Lancaster and Wyre. There has been a certain reaction in Britain to seeing protestors and people rallying around the reform cause. Because of the news story about the protests, there has not been much analysis of the policies of the presidential candidates. It is right that what we would perceive as reform is not what was on offer from Mousavi. There was not a great choice for reform. All the candidates had to be approved in advance by the existing structures in Iran. Whatever the outcome of the election, the nuclear issue would not have gone away because there was consensus on it among the candidates. Although we should watch the developments with the election, the bigger issues were always going to remain. The nuclear issue is one of the greatest foreign policy challenges faced by the world.

I agree with the analysis of the hon. Member for Birmingham, Edgbaston (Ms Stuart) that the regime acts in a fairly rational way. If one puts oneself in the shoes of the Iranians, it is clear that there are many reasons why they should pursue a nuclear weapons capability. In the same region, Israel has nuclear arms and there is no love lost between the two states. There is also an issue of status and the desire to be seen as a world player. The threat has diminished with the Obama regime, but when Bush was in power there was a real prospect of an American invasion, especially considering what happened in Iraq. We need to recognise and understand that reality if we are to reduce the danger.

The Select Committee's subsequent report on non-proliferation is welcome. Worryingly, it states that there has been rapid progress in Iran towards further enrichment and the expansion of centrifuges. We do not know what stage the process is at, or how many months or years away the Iranians are from acquiring a nuclear capability. There is a danger that if that happened, it would have a domino effect in a region where there are already heightened tensions. The next steps after Iran obtains a nuclear weapon do not bear thinking about. The potential disasters are immense. Other middle eastern states might want to acquire nuclear weapons. Given that we want to stop nuclear proliferation and reduce nuclear capabilities across the globe, Iran's nuclear programme is very worrying. We have not done ourselves any favours by committing to replacing Trident when there was no need to do so, given the lifespan of the current submarines. Doing that just before going to the 2010 non-proliferation conference seems bizarre. Surely, we want to go to that conference being able to negotiate and say that our nuclear weapons are on the table.

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): I am sure that the hon. Lady would not want to give the impression internationally that there is an equivalence between British foreign policy in any respect and the actions of the Iranian Government. That would be extremely damaging and I am sure she is not trying to do that, but it is important to make that clear in this debate.

Jo Swinson: I do not think for a second that I was making that link. I am saying that our position in non-proliferation talks around the world will surely be stronger if we are prepared to talk about reducing our nuclear weapons arsenal. That would give us much more power in negotiations. Surely, if it looks as though

the main nuclear players are reducing their arsenals, that will reduce the pressure on countries such as Iran and others that are thinking of going nuclear to try to join the club, as it were. We have seen the success of such a strategy with President Obama's decision to put American nuclear weapons on the table in discussions with Russia. In a sense, the best possible and only positive way of using nuclear weapons is to use them to negotiate away other nuclear weapons.

The hon. Member for Lancaster and Wyre asked what we should do, and that question was well posed. We can discuss the problems and say what the difficulties are, but what are the real options? The Committee has said of the military option:

"We remain of the view that such a military strike would be unlikely to succeed and could provoke an extremely violent backlash across the region."

I strongly agree, because I think that that would be a dangerous road to go down. I am pleased that the Foreign Secretary has said that he is 100 per cent. behind the diplomatic track, although I note that the Government have not entirely ruled out the possibility of supporting a future US military strike. That would be dangerous territory and we should not go down that route: it would strengthen the position of the extremists and is not the right way forward.

So, we then look at the sanctions regime, which, as has been discussed, is not working well. A united approach from the E3 plus 3 is vital to that regime, but the approach is not as united as we might want, because of the loopholes that exist. We must continue and increase our efforts to encourage countries such as Russia and China to recognise the threat and to play ball—to borrow a phrase. As I have said, Obama's overtures to Russia are good news, such as his offer to scrap the "Son of Star Wars" project if the Russians help him in halting Iran's proliferation. Russia is a key player, and it would be great if we could get its help in getting Iran to negotiate, and in making progress. We have to accept that the UK's influence in this matter is not at its peak, given the current diplomatic situation, and that it might best be used in looking at what influence other countries can bring to bear.

On Iraq and Afghanistan, the right hon. Member for Tonbridge and Malling (Sir John Stanley) talked about the Government's analysis of the training and support being given to insurgents and the Taliban in Afghanistan by Iran in particular. That issue is cause for great concern. I note from the reports that there has been correspondence, in addition to what the Government have been able to discuss publicly, which could not be published in the public domain for understandable security reasons. I would be interested to hear whether the Committee is satisfied with the Government's responses on that aspect. It is rather difficult for those of us who have not seen that correspondence to judge. In general terms, I will say that there is a delicate balance to be struck, and that security concerns have to come first, but that it would be helpful if the Government tried as much as they could to put information in the public domain where possible.

I will touch on human rights only briefly because we had an excellent debate on that issue yesterday in this Chamber. The report concludes that Iran's human rights record is shocking, as we heard in detail yesterday in relation to religion and the treatment of the Baha'i, Christians and Jews. We also heard about the persecution of and discrimination against women for various perfectly reasonable behaviours, about the persecution of anyone who disagrees with the prevailing political views, and about the horrendous executions of minors by the state. Obviously, there is a range of human rights problems in Iran.

We did not have much time yesterday to go into detail about gay and lesbian Iranians being deported from the UK to Iran, and I would be interested to hear the Minister's views on that. In June 2008, the then Home Secretary said that there was no "real risk" to homosexuals who were deported to Iran if they behaved "discreetly". The suggestion that it is fine to deport someone to a place where they would have to hide such a key aspect of themselves to avoid being tortured does not fit with my judgment of what is appropriate. The Home Office guidance says that

"it is not accepted that there is systematic repression of gay men and lesbians"

in Iran, but, since 1979 in Iran, there have been 4,000 state executions of people for being gay. If that is not systematic repression, I do not know what is.

I look forward to hearing the Minister's comments on these difficult and sensitive issues. Like everyone else, I await the outcome of the current unrest in Iran and wait to see what will happen there, but I should like to note the remarks made by hon. Members and by the academic Karim Sadjadpour in evidence to the Select Committee. Mr. Sadjadpour said that

"despite the fact that a seeming majority of Iranians favor a more tolerant, democratic system, there is little evidence to suggest that in the event of a sudden uprising it would be Iranian democrats who come to power."

We should all bear that in mind when we watch what is happening on our television screens. The future is clearly uncertain, with extreme dangers in relation to nuclear proliferation and the escalation of regional tensions, but I maintain, none the less, that the correct way forward must still be diplomacy and extending that open hand. I hope that that approach can be successful.

5.7 pm

Mr. David Lidington (Aylesbury) (Con): First, I congratulate the Select Committee on its report and couple with that my expression of hope that we can somehow reform parliamentary procedures so that Select Committee reports as important as this one can be debated in a more timely fashion. I encourage the hon. Member for Ilford, South (Mike Gapes) and his colleagues to continue their inquiries into the role of Iran in international affairs, because its position in its region and in the debate on nuclear proliferation will continue to be a pressing foreign policy priority for the present and future British Governments.

Like the hon. Member for Ilford, South, I have found that a visit to Iran, with experiences such as taking tea under the bridges in Isfahan, going through the bazaars in Tehran, or discovering the phenomenon of blogging ayatollahs, quickly dispels the easy caricatures that are too often portrayed. Iran is a very complex country with an intriguing blend of modern and ancient elements. It has a system of government that even the most experienced academic and diplomatic experts find hard to penetrate and understand fully.

[Mr. David Lidington]

Like others, I shall not dwell at length on human rights in Iran, or on the debacle of the recent presidential election results, except to say to the Minister that as Iran is a party to the international covenant on civil and political rights, and given that it, as a member of the United Nations, will be subject to periodic reviews by the United Nations Human Rights Council, I hope that Ministers will continue to press, through the appropriate international forums, for Iran to be held to the treaties that it has signed and ratified.

I was very disappointed when, soon after the presidential election result was declared, I read that the UN Human Rights Council had decided not to hold a special session to inquire into the election. That will do damage to the reputation of the council as a new United Nations institution and I hope that the United Kingdom will try to gather support among other countries to reopen that particular issue at the UN.

My right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley) spoke with great passion about the position of the British embassy staff in Tehran. Although I share the relief of all hon. Members that all but one staff member has been released, it is still utterly unacceptable that any members of our diplomatic staff in Tehran should remain under threat of prosecution. I am less sanguine than some about the position of our fellow member states of the European Union in relation to that and I hope the Minister will be able to provide some reassurance on that point.

When the presidency of the EU shifted from the Czech Republic to Sweden, there was a distinct cooling of ardour about putting in place firm diplomatic responses to the threat being made against our staff. Within 24 hours, once the Iranians had said that they were going to bring charges against the staff member who was still being kept in detention, the new presidency did start to take a tougher line—and I have a high regard for the experience and the diplomatic skill of Carl Bildt—but I very much hope that the British Government will not let up the pressure at all upon our European Union colleagues.

If the EU response to the detention of our staff is seen to be limp and if countries are looking for ways to avoid measures—for example, if we believe that the withdrawal of all EU ambassadors is necessary as a demonstration of how strongly we take the matter—that will not only make life more difficult for British embassy staff now and in the future, but the hardliners in Tehran will draw their own conclusions and life will become more risky for the representatives of other EU nations. That matter is important. I hope that the Minister will also take seriously the points that my right hon. Friend made about looking at the Geneva conventions and seeing whether we should be able to protect our locally engaged staff who are at risk by moving them into the category that he advocated, so that greater protection is provided under those conventions.

The truth is that whatever the outcome of the present crisis, it will be in the interests of the United Kingdom that we continue to engage with Iran. Whatever the outcome of the crisis in Tehran, we in Britain will have to engage with the reality of Iranian national interests and Iran's desire to assert itself as an important power within its region. My hon. Friend the Member for Lancaster and Wyre (Mr. Wallace) reminded us that it is simply wrong to view Mr. Mousavi as being in some way a western democrat who is committed to western liberal ideas. He is, indeed, a child of the revolution and his time in office as Prime Minister did not show the record of a man who was committed to liberal reforms in the way that they would be understood in Britain or elsewhere in the west. A Mousavi presidency would be committed to Iran's nuclear programme and to the assertion of Iranian national interest.

My hon. Friend was also right to warn us that demographic change, which is having an increasing effect upon society in Iran, does not necessarily mean a more liberal approach, particularly to foreign policy. I believe that young people in Iran will very much want to have a greater say in how their country is run, but the Chinese precedent suggests that aspirations on the part of a young generation for better standards of material well-being can be coupled with a fervent patriotism that shades at times into quite aggressive nationalism. We have seen that in relation to some of the young Han Chinese reactions to the disturbances in Tibet last year.

Our interest is not in Iran changing its regime—whatever we might think of it—but in trying to secure changes to Iran's behaviour, both domestically in terms of respect for human rights and, critically for this debate, in how Iran conducts its foreign policy within its region and more generally. Iran's nuclear programme must be at the centre of our concerns. Before this debate, I read through the most recent IAEA report, which was published on 5 June and was based on an inspection carried out on 19 May this year. The report demonstrated that Iran still refuses to co-operate fully with what the international inspectors require. In a letter of 3 May this year, Iran informed the agency that it would not permit "design information verifications" at the Iran nuclear research reactor. Iran refused to grant the IAEA access to reactor 40 for the Iranian Government's own reasons. The IAEA concluded that that

"could adversely impact the Agency's ability to carry out effective safeguards at that facility".

In addition, Iran made it difficult for the agency to report further on the construction of the reactor, despite that having been requested by the United Nations Security Council. I could go on to provide a significantly longer list of details from that report.

As with other countries who are signatories to the non-proliferation treaty, the NPT gives Iran the right to develop a civil nuclear programme. However, I want to be confident in a way that I am not at the moment that the international community can trust Iran to develop a civil nuclear energy programme and to observe all the requirements of the NPT. Iran's renunciation of the additional protocol and its refusal to co-operate with the international inspectors is set against the background of a nuclear programme that was begun and developed covertly, which is itself a breach of treaty requirements, and that will inevitably perpetuate mistrust.

If the Iranian programme goes ahead, hon. Members have talked about there being a threat of nuclear proliferation in the middle east and about Israel perceiving that there is an existential threat to its very survival. However, it is not only Iran's nuclear programme that should concern us. Today, we have debated Iran's role in Afghanistan—my right hon. Friend the Member for Tonbridge and Malling particularly talked about that. In many ways, it would seem odd for the Iranian

Government to be seeking to help the Taliban. The Iranians originally gave some assistance to the coalition when action to overthrow the Taliban regime in Kabul was first taken in 2001. The Taliban are largely Sunni. Iran has had to face major problems from the narcotics trade and from the influx of refugees as a consequence of disorder and violence in Afghanistan.

I would be interested to hear the Minister's assessment of the motives for Iran's support of the Taliban. Do the British Government believe that Iran is still actively engaged in supplying munitions and other forms of help to the Taliban to fight coalition forces, including our own? What is Iran's current relationship with the Taliban?

Iran has also shown that it is capable of playing a malign role in other parts of the region such as Iraq, Lebanon and the Gulf. Only a few months ago, there was an overt reference by a senior Iranian leader to Bahrain's being legitimately a province of Iran rather than an independent state. That statement understandably caused huge concern among all the Arab members of the Gulf Co-operation Council.

It seems that the objectives of British policy must be to try to secure a satisfactory outcome to the crisis over Iran's nuclear programme but also to try to bring about, through diplomatic means, a system of regional security and co-operation in which Iran is willing to play a constructive rather than a malign role, but a system in which Iran's genuine national interests are also recognised.

The problem that we have is one that my hon. Friend the Member for Lancaster and Wyre referred to, which is the limited number of policy options that, in reality, are available to the United Kingdom. Despite what has happened in the past few weeks, I still believe that President Obama's approach is the right one. There is an enormous prize to be won through engagement—that of deflecting Iran from a nuclear weapons programme—and it carries with it a prize for the Iranian people of engagement with the outside world and modernisation of their economy, and even a prize for the regime in the form of the end of regime change as a suspected objective of United States policy.

I would be interested to hear whether the Minister believes, as some have argued, that the attacks on Britain—the use of slogans in recent weeks denouncing the little Satan rather than the great Satan—are actually a peculiar coded way of Iran's signalling to Washington that it still wishes to explore the possibilities of engagement. Or have the British Government made a more pessimistic assessment of what is happening?

On the nuclear issue, it seems that we need to persuade Iran, if we can, to accept suspension of its enrichment programme, although I think that that will be extraordinarily hard if not impossible to achieve, given the public statements made by so many Iranian leaders. If that fails, we may have to deal at some time in the next few years with the reality of an Islamic republic that has achieved control of the nuclear fuel cycle but which has perhaps stopped short of a weapons programme. If that is the world in which we find ourselves, would we be able to interpose between that stage and breakout to weaponisation some system of checks and warnings that would provide at least a measure of regional security?

Finally—this is the worst-case option—are the Foreign Office and other parts of the Government thinking about what to do if we wake up one day and find that we are confronted with an Iran that has nuclear weapons, in the way that North Korea and Pakistan now have nuclear weapons? It is not too early for policy makers in Britain, elsewhere in Europe and in America to be drawing up contingency plans and thinking through policy options in such circumstances.

For the time being, the main policy option, however imperfect, seems to be economic sanctions. I find it frustrating that the Prime Minister spoke well over a year ago in a Mansion house speech about new sanctions being imposed at European level on oil and gas investment and on export credit guarantees, but that they have still not been agreed by the EU. In fact, the converse is true: some two thirds of Iran's foreign trade is with EU countries.

There are more measures that we could take on finance, as the hon. Member for Thurrock (Andrew Mackinlay) suggested, and I would hope that in the wake of what happened in the presidential elections, we would also look at trade with Iran in information technology. I was disturbed to read reports that the software that was used to filter and monitor internet and mobile traffic within Iran after the elections, and to make life difficult for the demonstrators and the opposition, was supplied by Siemens. I do not know whether that is true, but it was reported in the US by quite serious sources. I hope that the EU will at least review its policy and see whether it needs to tighten up controls on that type of trade.

Looking further ahead, if President Obama's outstretched hand does not meet with the kind of response that we would hope for, if Iran continues to press forward with its nuclear programme, we will have to look at sanctions that go even further and which would have the effect of isolating Iran as completely as possible from the normal contacts of the global economy.

My final point is that if we are starting to think about how the international community would deal with an Iran that had obtained control of the nuclear fuel cycle or worse, we need to be looking also at very public security guarantees. They would be primarily from the US rather than European powers, but clear, unmistakable security guarantees, not just to Israel but to several Arab countries, would be essential to try to prevent nuclear proliferation in this fragile and tense region of the world, which I believe is the nightmare that we all wish to avoid.

5.28 pm

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): I congratulate the Foreign Affairs Committee on securing this debate and my hon. Friend the Member for Ilford, South (Mike Gapes) on his able, eloquent presentation of the content of the report. It is regrettable that it was published so long ago. Indeed, even the Foreign Office response is considerably in the past.

The debate has shown the House at its best. The quality of the contributions of all right hon. and hon. Members has illustrated not only the importance of this issue to British strategic interests, but the fact that it is incredibly difficult to analyse. The hon. Member for Lancaster and Wyre (Mr. Wallace) said, in a thoughtful speech, that the challenge for us is what we do—not how we pontificate or analyse, but what we actually do

[Mr. Ivan Lewis]

in the interests of this country, in the interests of stability in the middle east, and in the interests of the international community. That, frankly, is the responsibility that falls to people who hold office, and it is one that we must take very seriously indeed in the current climate.

As has been said, we are all trying to weigh up the implications of recent events in Iran, not only for Iran but for the wider international community. There is undoubtedly a widespread feeling that something has changed following the election, with the subsequent action of the people and, unfortunately, the violent clampdown on dissent that we saw on the streets of Tehran. If we are honest, it is far too early to say with any precision what the consequences will be and whether there will be significant changes in the direction or the posture of the Iranian Republic. However, this is an appropriate moment to reflect on what has happened and remind ourselves of the serious issues that we are faced with.

The eyes of the world have been on Iran in recent times. In the run-up to the elections, we were all struck by the passionate, vigorous debate that took place in that country. The future of the Republic was debated live on television, in the streets and across the internet. The choice may not have been as open as it should have been—my hon. Friend the Member for Thurrock (Andrew Mackinlay) made that important point—but we have to acknowledge that it was a choice, none the less. The contrast between the period of relative openness preceding the elections and the violent clampdown that has followed is striking.

I cannot know who won the Iranian election; no right hon. or hon. Member here today can know that. The Prime Minister and the Foreign Secretary have been clear from day one that the decision on who should be President of Iran is not one for the British Government: it is a matter for the Iranian people alone. We do know that the legitimacy of the result that was first announced on 13 June and later endorsed by the Supreme Leader and the Guardian Council has been challenged extensively from within Iran. It has been challenged by a groundswell of feeling from Iranians who feel that their vote has not been counted and that their voice has not been heard. They are not a few lone figures calling from the sidelines, but hundreds of thousands of people right across Iran, supported on occasions by senior figures from within the leadership of that Republic.

It is difficult to get a clear picture of what happened, but the priority surely must be for the Iranian Government to restore the Iranian people's confidence in the electoral process by fully investigating the alleged irregularities. Whether confidence can be restored when the body in charge of investigating the elections announces that it is content to accept a turnout of more than 100 per cent. in 50 Iranian cities remains to be seen.

What of the authorities' response to the demonstrations that followed the election? I have been appalled by the violence used against peaceful protesters. Deaths of demonstrators are deplorable. We have seen the right to assemble and the right to free speech effectively removed through violence, intimidation and threat. The violent clampdown has undoubtedly affected Iran's standing in the eyes of the world. We should not forget that Iran frequently makes demands for respect on an equal basis from the international community. Those demands are undermined in any situation where a Government fail to respect the rights of their own people and fail to address their legitimate concerns.

Since the election, we have seen even further erosion and deterioration in the outlook for human rights in Iran, but, as the hon. Member for Lancaster and Wyre said, recent events must be set within a broader context. I hope that right hon. and hon. Members will forgive me for briefly reiterating some of the specific points on human rights in Iran that were made in yesterday's debate. Iran's human rights record is well documented and is, to be frank, appalling. It has the highest execution rate per capita of any country worldwide and juvenile executions continue apace. Despite Iran's history of tolerance and the rich, diverse mix of religion and ethnic groups that make up Iranian society, religious and ethnic minorities are subject to persecution, intimidation, arbitrary detention and denial of education.

Even before the recent unrest began, the Iranian authorities had arrested large numbers of teachers, women's rights activists, students, trade unionists and ethnic minorities on the dubious, spurious charges of issuing "propaganda against the Islamic Republic", "acting against national security" and "organising illegal gatherings." As I said earlier, that clampdown has increased markedly in recent weeks. More than 1,000 demonstrators and several political and opposition leaders have been arrested. As right hon. and hon. Members know, nine of our own locally engaged staff have also been arrested. I will come to that in a moment.

Through those arrests and the unjustified expulsion of two of our diplomats, the UK has felt some of the force of the clampdown suffered by Iranian citizens. We need constantly to put on record that the British embassy in Tehran has played no role in the post-election demonstrations in Iran. The Iranian claims are absurd and entirely without foundation. In fact, they are a clear and obvious attempt to distract attention from what has clearly been an Iranian reaction to an Iranian internal issue.

My disappointment—my right hon. Friend the Foreign Secretary has described his own "cold anger"—is that what we face is not mere rhetoric from Iran. As hon. Members including my hon. Friend the Member for Ilford, South mentioned, nine hard-working, dedicated members of our embassy staff in Iran have been forced to endure intimidation, harassment and detention simply because of where they work. The Iranian authorities have taken action that is entirely unacceptable and completely without justification.

Rather than question the international community, we should thank and praise it for the solidarity that it has demonstrated alongside Britain in the face of that action by the Iranian authorities. I acknowledge here today the unified support and action that the European Union has given. Iran has seen that action against one EU member state will be treated as action against all. That is a good example of EU action and it should not be undermined. To date, we know that eight staff have been released and one remains in detention. Securing his release remains our top priority. We hope that that will happen soon.

I cannot answer the specific question asked by the right hon. Member for Tonbridge and Malling (Sir John Stanley), who brings tremendous experience and gravitas

to this debate, on whether the status of any of the staff was changed in advance of the election and the difficult period that we faced, but I will investigate and write to him. On the general risk assessment that has to be made, we have a clear priority duty to protect all the people who represent our country in any capacity in any part of the world. However, adjusting or readjusting individual status has to be based on risk assessment by the professionals at the appropriate time. We cannot get into sweeping generalisations about such judgments, but I will write to the right hon. Gentleman setting out exactly what action was taken.

We will continue to press Iran hard to give us assurances that our staff will not be charged at any time in future simply for carrying out their professional responsibilities, and that they will be able to return to work without fear of harassment or threat. We want a broad-based, constructive bilateral relationship with Iran, but it is for Iran to choose the relationship that it has with the UK. I hope that in future Iran chooses a different path from the one we have seen it pursue in recent weeks.

Any positive progress on the nuclear issue is likely to come through tough diplomacy, which can only proceed if Iran is prepared to accept, clearly and unequivocally, its international obligations. The UK and the wider international community remain deeply concerned about the Iranian nuclear programme. Five United Nations Security Council resolutions require Iran to suspend enrichment, co-operate fully with the International Atomic Energy Agency, and answer outstanding questions about the nature of its programme. The Prime Minister made it clear on 17 March that Iran has a right to civil nuclear power, but to claim what is rightfully available to it, Iran must recognise and act on the obligations to which it has committed itself under the non-proliferation treaty. However, Iran continues to refuse to meet those obligations and is ignoring the Security Council.

As the hon. Member for Aylesbury (Mr. Lidington) said, it is abundantly clear that Iran is not meeting its obligations, and the latest report from the director general of the IAEA also makes that clear. Iran is still not co-operating fully with the agency or granting the access that it seeks and is required. The IAEA made it clear that Iran is increasing its enrichment capabilities, which is totally contrary to the Security Council's requirements, and confirmed that Iran has still not answered questions about the possible military dimensions of its programme. We simply cannot have confidence in the intentions of a country that acts in that way.

The Foreign Affairs Committee's report, which was the trigger for today's debate, argued at the time for a significant change in US policy towards Iran. It is a visionary Committee, and we have now seen the change advocated by the report. I am sure that President Obama and his senior personnel pored over the report. The Select Committee urged the American Administration to adopt an entirely different position. President Obama's Administration have made it abundantly clear that they will engage directly with Iran, and play a full role in all diplomatic efforts. That has undoubtedly reinvigorated the E3 plus 3 diplomatic process. US involvement fundamentally changes what is available to Iran if it co-operates, but as yet, sadly and regrettably, Iran has made no positive response to the renewed E3 plus 3 invitation to enter into negotiations on the nuclear programme.

I emphasise three points. First, the onus is on Iran and now is the time to take positive steps towards taking up the E3 plus 3's offer. The E3 plus 3 have reaffirmed their commitment to the diplomatic process; the US has made it clear that it will play a full role in talks; and the international community has fully recognised Iran's right to civil nuclear power. We cannot and should not allow Iran to make the same old arguments to delay talks. Those historic arguments are simply no longer valid.

Secondly, the offer to negotiate will not be on the table indefinitely. The US has made it clear that the hand will not be outstretched for ever. We should not be prepared to wait and wait for an answer from Iran while it advances its nuclear plans. That is not acceptable.

Thirdly, Iran cannot expect a decision not to respond positively to the E3 plus 3 to be cost free. The implications of recent events for progress on the nuclear issue are not yet clear, but it is clear that we must see positive steps from Iran very soon. It is also clear that hard-headed diplomacy may be needed to reach the destination to which we remain 100 per cent. committed—a diplomatic resolution to the issue that assures us of Iran's intentions in its nuclear programme.

The regional consequences of Iran's actions are crucial to peace and stability in the middle east, which is why it is so important to UK interests. Iran seeks respect on the world stage and a position of influence in its region. It claims that it wants and is working for a secure and stable middle east. The UK believes that Iran does indeed have legitimate interests in the middle east, and we want a secure and prosperous Iran pursuing its legitimate interests in the region constructively and co-operatively, but its behaviour is often completely at odds with its professed intentions. Its means of attaining influence often entirely undermine its rhetoric and claims to respect.

For example, Iranian rhetoric claims that only Iran cares for the Palestinian people and for attaining a secure and peaceful future for them, but it directly undermines those claims by maintaining a policy to arm and support Hamas, Hezbollah and other Palestinian terrorist and rejectionist groups. That is what Iran believes is in the interests of its own regime security, but it is not in the interest of peace and security for the region. It is wrong. It is also wrong that the President of Iran engages in anti-Semitic comments and denial of the holocaust, and makes frequent statements suggesting that the state of Israel should be wiped off the map. That is inconsistent with Iran's claim to want stability and peace in the middle east.

Elsewhere, Iranian interference in the affairs of its neighbours can have a direct effect on British interests. My hon. Friend the Member for Thurrock and other hon. Members mentioned Afghanistan. Iran is pursuing a dangerous dual strategy, supporting Afghanistan's legitimate leadership through capacity building and economic assistance, but undermining that with carefully calibrated support, weapons and training for the Taliban. In Iraq, Iran has provided support for militia groups. Iran believes that it can achieve its aims of regime security through those means. It cannot. We believe that in the past year Iran has continued in a limited way to arm and support the Taliban.

Within the constraints of national security and ensuring that in no circumstances will our troops be put at risk, I will see what level of information I can make available

[Mr. Ivan Lewis]

to right hon. and hon. Members on Afghanistan. I will also respond to the comments of my hon. Friend the Member for Thurrock about Camp Ashraf. The British ambassador called on the Iraqi human rights Minister on 13 April and reminded him of the Iraqi Government's earlier assurances about the treatment of Ashraf's residents—that no resident of Camp Ashraf will be forcibly transferred to a country where they have reason to fear persecution. We will constantly monitor the situation.

Recent events in Iran should be cause for even more concern than in the past.

5.46 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).